

GRAVATH, SWAINE & MOORE

ONE CHASE MANHATTAN PLAZA RECORDATION NO. 9843 Filed 1425

NEW YORK, N.Y. 10005

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INTERSTATE COMMERCE COMMISSION

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INTERSTATE COMMERCE COMMISSION

9843

Date NOV 17 1978
Fee \$ 200.00

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INTERSTATE COMMERCE COMMISSION

November 17, 1978

Diamond Shamrock Corporation

Lease Financing Dated as of July 15, 1978

Dear Sir:

Enclosed herewith for recordation pursuant to Section 20c of the Interstate Commerce Act are six counterparts of each of the following:

(1) Purchase Order Assignment dated as of July 15, 1978, among Diamond Shamrock Corporation, 1100 Superior Avenue, Cleveland, Ohio 44114 (the "Lessee"), Exchange National Bank of Chicago, as Owner-Trustee (the "Lessor"), LaSalle and Adams Streets, Chicago, Illinois 60690; ACF Industries Incorporated, 750 Third Avenue, New York, N. Y. 10017; and Tank Lining Corp., Post Office Box H, Oakdale, Pennsylvania 15071;

(2) Lease of Railroad Equipment dated as of July 15, 1978, between the Lessee and the Lessor;

(3) Security Agreement dated as of July 15, 1978, between the Lessor and First Pennsylvania Bank N.A., as Agent, 1500 Chestnut Street, Philadelphia, Pennsylvania 19102 and

RECEIVED

Counterspart Larry Jones

COUNSEL

ROSSELL L. GILPATRIC
ALBERT R. CONNELLY
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CABLE ADDRESSES

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GRAVATH, PARIS
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INTERSTATE COMMERCE COMMISSION

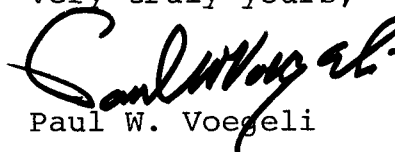
—C
(4) Lease dated as of July 15, 1978, between the Lessor and NAC Leasing Corporation, 222 South Riverside Plaza, Chicago, Illinois 60606.

The Equipment covered by the Agreements described above consists of 100 100-ton roller bearing-CF 5250 hopper cars, equipped with 20" hatches and pneumatic outlets, built generally to specification No. SCL-CF-SS2 bearing road numbers DAX 2101 through 2200, both inclusive.

Each unit bears the legend "Ownership subject to a Security Agreement Filed under the Interstate Commerce Act, Section 20c".

Enclosed is a check for \$200 for the required recordation fee. Please accept for recordation one counterpart of each of the enclosed agreements, stamp the remaining counterparts and the enclosed copy of this letter with your recordation number and return them to the delivering messenger along with your fee receipt, addressed to the undersigned.

Very truly yours,


Paul W. Voegeli

The Honorable H. G. Homme,
Acting Secretary,
Interstate Commerce Commission,
Washington, D. C. 20423

Encls.

L

BY HAND

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INTERSTATE COMMERCE COMMISSION

SECURITY AGREEMENT

Dated as of July 15, 1978

BETWEEN

EXCHANGE NATIONAL BANK OF CHICAGO,
not in its individual capacity but solely as Owner-
Trustee under a Trust Agreement dated as of July 15,
1978, with Security Pacific Equipment Leasing, Inc.,

Debtor,

AND

FIRST PENNSYLVANIA BANK N.A., as Agent,

Secured Party.

EXHIBIT C TO THE
PARTICIPATION
AGREEMENT

SECURITY AGREEMENT

Dated as of July 15, 1978

BETWEEN

EXCHANGE NATIONAL BANK OF CHICAGO,
not in its individual capacity but solely as Owner-
Trustee under a Trust Agreement dated as of July 15,
1978, with Security Pacific Equipment Leasing, Inc.,

Debtor,

AND

FIRST PENNSYLVANIA BANK N.A., as Agent,

Secured Party.

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SECURITY AGREEMENT dated as of July 15, 1978, between EXCHANGE NATIONAL BANK OF CHICAGO, a national banking association, not in its individual capacity but solely as Owner-Trustee under a Trust Agreement dated as of July 15, 1978, with Security Pacific Equipment Leasing, Inc. (hereinafter called the Debtor), and FIRST PENNSYLVANIA BANK N.A., as Agent under the Participation Agreement referred to below (hereinafter called the Secured Party).

WHEREAS the Debtor and the Secured Party have entered into a Participation Agreement dated as of the date hereof (hereinafter called the Participation Agreement) with Diamond Shamrock Corporation, a Delaware corporation (hereinafter called the Lessee), and the Purchasers named in Schedule A thereto (hereinafter called the Purchasers) providing, among other things, for the commitment of the Purchasers to purchase not later than December 31, 1978, the 9.20% Secured Notes (hereinafter called the Secured Notes) of the Debtor not exceeding the maximum aggregate principal amount of \$3,111,762. The Secured Notes are to be dated the date of issue and to bear interest at the rate of 9.20% per annum prior to maturity, and to mature in 40 semiannual installments, including both principal and interest, payable in accordance with the amortization schedule set forth in Schedule I hereto with interest only payable on January 1, 1979, and the first regular installment of principal and interest to be paid July 1, 1979, and with the final installment payable not later than January 1, 1999, and to be otherwise substantially in the form attached hereto as Schedule III;

WHEREAS the Secured Notes and all principal thereof and interest (and premium, if any) thereon and all additional amounts and other sums at any time due and owing from or required to be paid by the Debtor under the terms of the Secured Notes, this Agreement or the Participation Agreement are hereinafter sometimes referred to as "indebtedness hereby secured";

WHEREAS the Debtor, the Lessee, ACF Industries Incorporated and Tank Lining Corp. (such last two named corporations being hereinafter called the Manufacturers) are

parties to a Purchase Order Assignment dated as of the date hereof (hereinafter called the Purchase Order Assignment); and

WHEREAS the Debtor and the Lessee are parties to a Lease of Railroad Equipment dated as of the date hereof (hereinafter called the Lease).

NOW, THEREFORE, in consideration of the agreements and the covenants hereinafter contained, and other good and valuable consideration the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

ARTICLE I

Security Interest Granted

Section 1.1. Granting Clauses. The Debtor in order to secure the payment of the principal of and interest on the Secured Notes according to their tenor and effect, and to secure the payment of all other indebtedness hereby secured and the performance and observance of all covenants and conditions in the Secured Notes, in this Agreement and in the Participation Agreement contained, does hereby convey, warrant, mortgage, pledge, assign and grant unto the Secured Party, its successors and assigns, a security interest in, all and singular of the Debtor's right, title and interest in and to the properties, rights, interests and privileges described in clauses (a), (b) and (c) of this Section 1.1 subject always to the exceptions, reservations and limitations contained in Sections 1.2 and 1.4 hereof (all of which properties hereby mortgaged, assigned and pledged or intended so to be are hereinafter collectively referred to as the "Collateral"), to wit:

(a) the railroad equipment described in Schedule II attached hereto and made a part hereof (collectively the Equipment and individually a Unit of Equipment) constituting Equipment leased and delivered under the Lease, together with all accessories, equipment, parts and appurtenances appertaining or attached to any of the Equipment, whether now owned or hereafter acquired,

except such thereof as remain the property of the Lessee under the Lease, and all substitutions, renewals or replacements of and additions, improvements, accessions and accumulations to any and all of said Equipment, except such thereof as remain the property of the Debtor under the Lease, together with all the rents, issues, income, profits and avails therefrom;

(b) all right, title, interest, claims and demands of the Debtor in, to and under the Lease, including all extensions of the term of the Lease, together with all rights, powers, privileges, options and other benefits of the Debtor under the Lease, including, without limitation, but subject always to the exceptions, reservations and limitations contained in Sections 1.2 and 1.4 hereof:

(i) the immediate and continuing right to receive and collect all rental payments, payments of Casualty Value (as defined in the Lease), insurance proceeds, condemnation awards and other payments, tenders and security now or hereafter payable or receivable by the Debtor under the Lease or pursuant thereto;

(ii) the right to make all waivers and agreements (provided that prior to the occurrence of an Event of Default hereunder, any such waiver or agreement shall be made only with the approval of the Debtor) and to give and receive duplicate copies of all notices and other instruments or communications; and

(iii) the right to take such action upon the occurrence of an Event of Default under the Lease or an event which with the lapse of time or giving of notice, or both, would constitute an Event of Default under the Lease, including the commencement, conduct and consummation of legal, administrative or other proceedings, as shall be permitted by the Lease or by law, and to do any and all other things whatsoever which the Debtor or any Lessor is or may be entitled to do under the Lease;

it being the intent and purpose hereof that subject

always to the exceptions, reservations and limitations contained in Sections 1.2 and 1.4 hereof, the assignment and transfer to the Secured Party of said rights, powers, privileges, options and other benefits shall be effective and operative immediately and shall continue in full force and effect, and the Secured Party shall have the right to collect and receive said rental, Casualty Value payments, insurance proceeds, condemnation awards and other payments for application in accordance with the provisions of Article IV hereof at all times during the period from and after the date of this Agreement until the indebtedness hereby secured has been fully paid and discharged; and

(c) all right, title, interest, claims and demands of the Debtor in, to and under the Purchase Order Assignment, and any and all other contracts and agreements relating to the Equipment or any rights or interests therein (other than the Participation Agreement or any indemnities payable thereunder) to which the Debtor is now or hereafter may be a party, together with all rights, powers, privileges, options and other benefits of the Debtor under the Purchase Order Assignment and each and every other such contract and agreement, it being the intent and purpose hereof that subject always to the exceptions, reservations and limitations contained in Sections 1.2 and 1.4 hereof, the assignment and transfer to the Secured Party of said rights, powers, privileges, options and other benefits shall be effective and operative immediately and shall continue in full force and effect until the indebtedness hereby secured has been fully paid and discharged.

Section 1.2. Limitations to Security Interest.
The security interest granted by Section 1.1 hereof is subject to (a) the right, title and interest of the Lessee under the Lease, (b) any lien for current taxes and assessments not in default (but only if such taxes are entitled to priority as a matter of law), or, if delinquent, the validity of which is being contested in good faith and by appropriate legal or administrative proceedings and the nonpayment thereof does not, in the reasonable opinion of the Secured Party, affect the properties, rights, interests and privileges of the Secured Party in or to the Equipment or otherwise under this Agreement and (c) liens and charges permitted by Section 12 of the Lease.

Section 1.3. Duration of Security Interest. The Secured Party, its successors and assigns shall have and hold the Collateral forever; provided, always, however, that such security interest is granted upon the express condition that if the Debtor shall pay or cause to be paid all the indebtedness hereby secured and shall observe, keep and perform all the terms and conditions, covenants and agreements herein, in the Participation Agreement and in the Secured Notes contained, then these presents and the estate hereby granted and conveyed shall cease and this Agreement shall become null and void; otherwise to remain in full force and effect.

Section 1.4. Excepted Rights in Collateral. There are expressly excepted and reserved from the security interest and operation of this Agreement the following described properties, rights, interests and privileges (hereinafter sometimes referred to as the Excepted Rights in Collateral) and nothing herein or in any other agreement contained shall constitute an assignment of the Excepted Rights in Collateral to the Secured Party:

(a) all payments of any indemnity under Sections 6 and 9 of the Lease which by the terms of the Lease are payable directly to the indemnified party for its own account;

(b) all rights of any indemnified party under the Lease to demand, collect, sue for or otherwise obtain all amounts from the Lessee due the Debtor on account of any such indemnities or payments due pursuant to said Sections 6 and 9 of the Lease; provided, however, that the rights excepted and reserved by this clause (b) shall not be deemed to include the exercise of any remedies provided for in Section 10 of the Lease except those contained in subsection (a) thereof;

(c) any insurance proceeds payable under general public liability policies maintained by the Lessee pursuant to Section 7 of the Lease which by the terms of such policies or the terms of the Lease are payable directly to the Debtor for its own account; and

(d) all rights of the Debtor to purchase the Equipment under the Purchase Order Assignment.

ARTICLE II

Covenants and Warranties of the Debtor

Section 2.1. Debtor's Duties. The Debtor covenants and agrees well and truly to perform, abide by and to be governed and restricted by each and all the terms, provisions, restrictions, covenants and agreements set forth in the Participation Agreement, and in each and every supplement thereto or amendment thereof which may at any time or from time to time be executed and delivered by the parties thereto or their successors and assigns, to the same extent as though each and all of said terms, provisions, restrictions, covenants and agreements were fully set out herein and as though any amendment or supplement to the Participation Agreement were fully set out in an amendment or supplement to this Agreement. The Debtor undertakes to perform only such duties as are expressly and specifically set forth herein, in the Participation Agreement, in the Purchase Order Assignment and in the Lease (such four agreements being hereinafter sometimes collectively called the Fundamental Agreements), and no implied covenants or obligations are to be construed as part of this Agreement or any other Fundamental Agreements against the Debtor.

Section 2.2. Warranty of Title. The Debtor represents and warrants that it has the right, power and authority to grant a security interest in the Collateral to the Secured Party for the uses and purposes herein set forth; and the Debtor will warrant and defend the title to the Collateral against all claims and demands of persons claiming by, through or under the Debtor (excepting only the right, title and interest of the Lessee under the Lease and of persons claiming by, through or under the Lessee). The Debtor also agrees that it will at its own cost and expense promptly take such action as may be necessary to duly discharge any liens and encumbrances on the Collateral which result from claims against the Debtor not related to this Agreement, the other Fundamental Agreements or the transactions contemplated herein or therein.

Section 2.3. Further Assurances. The Debtor agrees that it will, without any expense to the Secured Party, do, execute, acknowledge and deliver all and every further acts, deeds, conveyances, transfers and assurances necessary or proper for the perfection of the security interest being herein provided for in the Collateral, whether now owned or hereafter acquired.

Without limiting the foregoing but in furtherance of the security interest herein granted in the rents and other sums due and to become due under the Lease, the Debtor covenants and agrees that it will notify the Lessee of such assignment pursuant to Section 12 of the Lease and direct the Lessee to make all payments of such rents and other sums due and to become due under the Lease, other than the Excepted Rights in Collateral, directly to the Secured Party or as the Secured Party may direct.

Section 2.4. After-acquired Property. Any and all property described or referred to in the granting clauses hereof which is hereafter acquired shall ipso facto, and without any further conveyance, assignment or act on the part of the Debtor or the Secured Party, become and be subject to the security interest herein granted as fully and completely as though specifically described herein, but nothing in this Section 2.4 contained shall be deemed to modify or change the obligation of the Debtor under Section 2.3 hereof.

Section 2.5. Recordation and Filing. The Debtor will cause this Agreement and any supplements hereto, the Lease and any supplements thereto, and all financing and continuation statements and similar notices required by applicable law, at all times to be kept, recorded and filed at no expense to the Secured Party in such manner and in such places as may be required by law in order fully to preserve and protect the rights of the Secured Party hereunder, and will at its own expense furnish to the Secured Party promptly after the execution and delivery of this Agreement and of any supplement hereto an opinion of counsel stating that in the opinion of such counsel this Agreement or such supplement, as the case may be, has been properly recorded or filed for record so as to make effective of record the security interest intended to be created hereby.

Section 2.6. Modification of the Lease. The Debtor agrees that it will not:

(a) declare a default or exercise the remedies of the Lessor under, or terminate or modify or accept a surrender of, or offer or agree to, any termination or modification or surrender of, the Lease or by affirmative act consent to the creation or existence of any security interest or other lien to secure the payment

of indebtedness upon the leasehold estate created by the Lease or any part thereof; or

(b) receive or collect or permit the receipt or collection of any payment under the Lease prior to the date for payment thereof provided for by the Lease or assign, transfer or hypothecate (other than to the Secured Party hereunder) any rent payment then due or to accrue in the future under the Lease in respect of the Equipment; or

(c) sell, mortgage, transfer, assign or hypothecate (other than to the Secured Party hereunder) its interest in the Equipment or any part thereof or in any amount to be received by it from the use or disposition of the Equipment (except for any sale, mortgage, transfer, assignment or hypothecation which is expressly subject to this Agreement).

Section 2.7 Power of Attorney in Respect of the Lease. The Debtor does hereby irrevocably constitute and appoint the Secured Party its true and lawful attorney with full power of substitution for it and in its name, place and stead, to ask, demand, collect, receive, receipt for, sue for, compound and give acquittance for any and all rents, income and other sums which are assigned under clauses (a), (b) and (c) of Section 1.1 hereof with full power to settle, adjust or compromise any claim thereunder as fully as the Debtor could itself do, and to endorse the name of the Debtor on all commercial paper given in payment or in part payment thereof, and in its discretion to file any claim or take any other action or proceedings, either in its own name or in the name of the Debtor or otherwise, which the Secured Party may deem necessary or appropriate to protect and preserve the right, title and interest of the Secured Party in and to such rents and other sums and the security intended to be afforded hereby.

ARTICLE III

Possession, Use and Release of Property

Section 3.1 Possession of Collateral. While the Debtor is not in default hereunder it shall be suffered and

permitted to remain in full possession, enjoyment and control of the Equipment and to manage, operate and use the same and each part thereof with the rights and franchises appertaining thereto; provided, always that the possession, enjoyment, control and use of the Equipment shall at all times be subject to the observance and performance of the terms of this Agreement. It is expressly understood that the use and possession of the Equipment by the Lessee under and subject to the Lease shall not constitute a violation of this Section 3.1.

Section 3.2 Release of Property. So long as no default referred to in Section 10 of the Lease has occurred and is continuing to the knowledge of the Secured Party, the Secured Party shall execute a release in respect of any Unit of Equipment designated by the Lessee for settlement or termination pursuant to Section 7 or 13 of the Lease or the first paragraph of Article 2 of the Purchase Order Assignment upon receipt from the Lessee of written notice designating the Unit of Equipment in respect of which the Lease will terminate or which will be purchased by the Lessee pursuant to the first paragraph of Article 2 of the Purchase Order Assignment, as the case may be, and the receipt from the Lessee of payment for the Casualty Value or Termination Value for such Unit of Equipment in compliance with Section 7 or 13 of the Lease or of the purchase price of such Unit of Equipment pursuant to the first paragraph of Article 2 of the Purchase Order Assignment, as the case may be.

Section 3.3 Protection of Purchaser. No purchaser in good faith of property purporting to be released hereunder shall be bound to ascertain the authority of the Secured Party to execute the release, or to inquire as to any facts required by the provisions hereof for the exercise of such authority; nor shall any purchaser, in good faith, of any item or unit of the Collateral be under obligation to ascertain or inquire into the conditions upon which any such sale is hereby authorized.

ARTICLE IV

Application of Assigned Rentals and Certain Other Moneys Received by the Secured Party

Section 4.1 Application of Rents. So long as no default or Event of Default (as defined in Section 5.1 hereof) has occurred and is continuing:

(a) the amounts from time to time received by the Secured Party which constitute payment of the install-

ments of rent under the Lease shall be applied first, to the payment of the installments of principal and interest (and in each case first to interest and then to principal) on the installments of the Secured Notes which have matured or will mature on or before the due date of the installments of rent which are received by the Secured Party, and second, the balance, if any, of such amounts shall be paid to or upon the order of the Debtor not later than the first business day following the receipt thereof;

(b) the amounts from time to time received by the Secured Party which constitute payment by the Lessee of the Casualty Value for any Unit of Equipment pursuant to Section 7 of the Lease or the purchase price of any Unit of Equipment pursuant to the first paragraph of Article 2 of the Purchase Order Assignment shall be paid and applied as follows: first, an amount equal to the Loan Value (as hereinafter defined) of such Unit of Equipment for which settlement is then being made shall be applied to the prepayment of the Secured Notes so that each of the remaining installments of each Secured Note shall be reduced in the proportion that the principal amount of the prepayment bears to the unpaid principal amount of all the outstanding Secured Notes immediately prior to the prepayment and, in the case of amounts representing the purchase price of any Unit of Equipment pursuant to the first paragraph of Article 2 of the Purchase Order Assignment, accrued interest on the amount of each Secured Note then being prepaid; and second, the balance, if any, of such amounts held by the Secured Party after making the applications provided for by clause first of this Section 4.1(b) shall be released to or upon the order of the Debtor on the date of payment of the Secured Notes; for purposes of this Section 4.1, the Loan Value, in respect of any Unit of Equipment, shall be an amount equal to the product of (A) a fraction, the numerator of which is an amount equal to the Purchase Price (as defined in the Participation Agreement) of such Unit of Equipment for which settlement is then being made and the denominator of which is the aggregate Purchase Price of all Units of Equipment then subject to the Lease (including the Purchase Price of such Unit of Equipment for which settlement is then being made), times (B) the unpaid principal amount of the Secured Notes immediately prior to the prepayment provided for in this Section 4.1(b) or in Section 4.1(d) hereof in the case of prepayments being made pursuant to such Section (after giving effect to all

payments of installments of principal made or to be made on the date of prepayment provided for in this Section 4.1(b) or in Section 4.1(d) hereof, as the case may be);

(c) the amounts received by the Secured Party from time to time which constitute proceeds of casualty insurance maintained by the Lessee in respect of the Equipment, shall be held by the Secured Party as a part of the Collateral and shall be applied by the Secured Party from time to time to any one or more of the following purposes:

(i) so long as no Event of Default has occurred and is continuing to the knowledge of the Secured Party, the proceeds of such insurance shall, if the Equipment is to be repaired, be released to the Debtor to reimburse the Lessee for expenditures made for such repair upon receipt by the Secured Party of proof satisfactory to the Secured Party that any damage to the Equipment in respect of which such proceeds were paid has been fully repaired as required by the last paragraph of Section 7 of the Lease; or

(ii) so long as no Event of Default has occurred and is continuing to the knowledge of the Secured Party, the proceeds of such insurance shall, if the Lessee shall have paid the Casualty Value in respect of the Units in respect of which the proceeds were received, be paid to the Lessee for the account of the Debtor to the extent of the amount of such Casualty Value and the balance thereof shall be paid to the Debtor, for its own account; and

(d) in the event that the Lease shall be terminated as to any Unit of Equipment pursuant to Section 13(c) thereof, the aggregate of the amount received from the purchaser of such terminated Unit of Equipment and the amount, if any, received from the Lessee pursuant to such Section 13(c) shall be applied as follows: first, an amount equal to the Loan Value of the terminated Units shall be applied to the prepayment of the Secured Notes so that each of the remaining installments of each Secured Note shall be reduced in the proportion that the principal amount of the prepayment bears to the unpaid principal amount of all the outstanding Secured Notes immediately prior to the prepayment, second, a premium in respect of the prepaid portion of each Secured Note shall be paid as follows:

<u>if the prepayment takes place in</u>	<u>the premium shall be this percentage of the amount prepaid</u>
1989	4.60
1990	4.14
1991	3.68
1992	3.22
1993	2.76
1994	2.30
1995	1.84
1996	1.38
1997	.92
1998	.46

and, third, the balance shall be paid to the Debtor for its own account.

Section 4.2 Multiple Secured Notes. If more than one Secured Note is outstanding at the time any such application is made, such application shall be made on all outstanding Secured Notes ratably in accordance with the aggregate principal amount remaining unpaid thereon.

Section 4.3 Default. If an Event of Default has occurred and is continuing, all amounts received by the Secured Party pursuant to Section 4.1 hereof shall be applied in the manner provided for in Article V hereof in respect of proceeds and avails of the Collateral.

ARTICLE V

Defaults and Remedies

Section 5.1 Events of Default. The term Event of Default shall mean one or more of the following:

(a) default in payment of an installment of the principal of, or interest on, any Secured Note when and as the same shall become due and payable, whether at the due date thereof or at the date fixed for prepayment or by acceleration or otherwise, and any such default shall continue unremedied for 5 business days; or

(b) an Event of Default, as defined and set forth in Section 10 of the Lease; or

(c) default on the part of the Debtor in the due observance or performance of any covenant or agreement to be observed or performed by the Debtor under this Agreement or the Participation Agreement, and such default shall continue unremedied for 30 days after written notice from the Secured Party to the Debtor specifying the default and demanding the same to be remedied; or

(d) any representation or warranty on the part of the Debtor made herein or in the Participation Agreement or in any report, certificate, financial or other statement furnished in connection with this Agreement, the Lease or the Participation Agreement, or the transactions contemplated herein or therein shall prove to be false or misleading in any material respect when made; or

(e) any claim, lien or charge (other than those permitted under Section 1.2 hereof and liens, charges and encumbrances which the Lessee is obligated to discharge under Section 6 or 12 of the Lease) shall be asserted against or levied or imposed upon the Collateral, and such claim, lien or charge shall not be discharged or removed within 30 calendar days after written notice from the Secured Party or the holder of any Secured Note to the Debtor and the Lessee demanding the discharge or removal thereof.

The Debtor shall give the Secured Party prompt written notice by registered mail, return receipt requested, of any Default of which it has knowledge, but failure to give such notice shall not affect the enforcement of any remedy pursuant to Section 5.2 hereof.

Section 5.2 Remedies upon Default. The Debtor agrees that when any Event of Default has occurred and is continuing the Secured Party shall have the rights, options, duties and remedies of a secured party, and the Debtor shall have the rights and duties of a debtor, under the Uniform Commercial Code of Illinois (regardless of whether such Code or a law similar thereto has been enacted in a jurisdiction wherein the rights or remedies are asserted), and that the Secured Party may:

(a) by notice in writing to the Debtor declare the entire unpaid balance of the Secured Notes to be immediately due and payable; and thereupon all such unpaid balance, together with all accrued interest thereon, shall be and become immediately due and payable;

(b) subject always to the then existing rights, if any, of the Lessee under the Lease, personally or by agents or attorneys (subject to compliance with any applicable mandatory legal requirements) take immediate possession of the Collateral, or any portion thereof, and for that purpose may pursue the same wherever it may be found, and may enter any of the premises of the Debtor, with or without notice, demand, process of law or legal procedure, if this can be done without breach of the peace, and search for, take possession of, remove, keep and store the Collateral, or use and operate or lease the Collateral until sold;

(c) subject always to the then existing rights, if any, of the Lessee under the Lease, if at the time such action may be lawful (subject to compliance with any mandatory legal requirements) either with or without taking possession and either before or after taking possession, and without instituting any legal proceedings whatsoever, and having first given notice of such sale by registered mail to the Debtor once at least 10 days prior to the date of such sale, and any other notice which may be required by law, sell and dispose of said Collateral, or any part thereof, at public auction to the highest bidder, in one lot as an entirety or in separate lots, and either for cash or on credit and on such terms as the Secured Party may determine, and at any place (whether or not it be the location of the Collateral or any part thereof) designated in the notice above referred to; provided, however, that any such sale should be held in a commercially reasonable manner; any such sale or sales may be adjourned from time to time by announcement at the time and place appointed for such sale or sales, or for any such adjourned sale or sales, without further published notice, and the Secured Party or the holder or holders of the Secured Notes, or of any interest therein, may bid and become the purchaser at any such sale;

(d) subject always to the rights of the Lessee under the Lease, proceed to protect and enforce this Agreement and the Secured Notes by suit or suits or proceedings in equity, at law or in bankruptcy, and whether for the specific performance of any covenant or agreement herein contained or in execution or aid of any power herein granted; or for foreclosure hereunder, or for the appointment of a receiver or receivers

for the Collateral or any part thereof for the recovery of judgment for the indebtedness hereby secured or for the enforcement of any other proper, legal or equitable remedy available under applicable law; and

(e) subject always to the then existing rights, if any, of the Lessee under the Lease, proceed to exercise all rights, privileges and remedies of the Debtor under the Lease, and exercise all such rights and remedies either in the name of the Secured Party or in the name of the Debtor for the use and benefit of the Secured Party.

Section 5.3 Acceleration. In case of any sale of the Collateral, or of any part thereof, pursuant to any judgment or decree of any court or otherwise in connection with the enforcement of any of the terms of this Agreement, the principal of the Secured Notes, if not previously due, and the interest accrued thereon, shall at once become and be immediately due and payable; also in the case of any such sale, the purchaser or purchasers, for the purpose of making settlement for or payment of the purchase price, shall be entitled to turn in and use the Secured Notes and any claims for interest matured and unpaid thereon, in order that there may be credited as paid on the purchase price the sum apportionable and applicable to the Secured Notes including principal and interest thereof out of the net proceeds of such sale after allowing for the proportion of the total purchase price required to be paid in actual cash, if any.

Section 5.4 Waiver by Debtor. To the extent permitted by law, the Debtor covenants that it will not at any time insist upon or plead, or in any manner whatever claim or take any benefit or advantage of, any stay or extension law now or at any time hereafter in force, nor claim, take, nor insist upon any benefit or advantage of or from any law now or hereafter in force providing for the valuation or appraisal of the Collateral or any part thereof, prior to any sale or sales thereof to be made pursuant to any provision herein contained, or to the decree, judgment or order of any court of competent jurisdiction; nor, after such sale or sales, claim or exercise any right under any statute now or hereafter made or enacted by any state or otherwise to redeem the property so sold or any part thereof, and, to the full extent legally permitted, hereby expressly waives for itself and on behalf of each and every person, except decree or judgment creditors of the Debtor acquiring any interest in or title

to the Collateral or any part thereof subsequent to the date of this Agreement, all benefit and advantage of any such law or laws, and covenants that it will not invoke or utilize any such law or laws or otherwise hinder, delay or impede the execution of any power herein granted and delegated to the Secured Party, but will suffer and permit the execution of every such power as though no such power, law or laws had been made or enacted.

Section 5.5 Effect of Sale. Any sale, whether under any power of sale hereby given or by virtue of judicial proceedings, shall operate to divest all right, title, interest, claim and demand whatsoever, either at law or in equity, of the Debtor in and to the property sold and shall be a perpetual bar, both at law and in equity, against the Debtor, its successors and assigns, and against any and all persons claiming the property sold or any part thereof under, by or through the Debtor, its successors or assigns (subject, however, to the then existing rights, if any, of the Lessee under the Lease).

Section 5.6 Application of Sale Proceeds. The proceeds and/or avails of any sale of the Collateral, or any part thereof, and the proceeds and the avails of any remedy hereunder shall be paid to and applied as follows:

(a) first, to the payment of costs and expenses of foreclosure or suit, if any, and of such sale, and of all property expenses, liability and advances, including legal expenses and attorneys' fees, incurred or made hereunder by the Secured Party, or the holder or holders of the Secured Notes and of all taxes, assessments or liens superior to the lien of these presents, except any taxes, assessments or other superior lien subject to which said sale may have been made;

(b) second, to the payment to the holder or holders of the Secured Notes of the amount then owing or unpaid on the Secured Notes for principal and interest; and in case such proceeds shall be insufficient to pay in full the whole amount so due, owing or unpaid upon the Secured Notes, then ratably according to the aggregate of such principal and the accrued and unpaid interest with application on each Secured Note to be made, first to unpaid principal thereof, second, to unpaid premium, if any, and third, to unpaid interest thereon; such application to be made upon presentation of the several

Secured Notes, and the notation thereon of the payment, if partially paid, or the surrender and cancellation thereof, if fully paid; and

(c) third, to the payment of the surplus, if any, to the Debtor, its successors and assigns, or to whosoever may be lawfully entitled to receive the same.

Section 5.7 Discontinuance of Remedies. In case the Secured Party shall have proceeded to enforce any right under this Agreement by foreclosure, sale, entry or otherwise, and such proceedings shall have been discontinued or abandoned for any reason or shall have been determined adversely, then, and in every such case, the Debtor, the Secured Party and the holders of the Secured Notes shall be restored to their former positions and rights hereunder with respect to the property subject to the security interest created under this Agreement.

Section 5.8 Cumulative Remedies. No delay or omission of the Secured Party or of the holder of any Secured Note to exercise any right or power arising from any default on the part of the Debtor, shall exhaust or impair any such right or power or prevent its exercise during the continuance of such default. No waiver by the Secured Party, or the holder of any Secured Note of any such default, whether such waiver be full or partial, shall extend to or be taken to affect any subsequent default, or to impair the rights resulting therefrom except as may be otherwise provided herein. The Secured Party may exercise any one or more or all the remedies hereunder and no remedy is intended to be exclusive of any other remedy but each and every remedy shall be cumulative and in addition to any and every other remedy given hereunder or otherwise existing now or hereafter at law or in equity; nor shall the giving, taking or enforcement of any other or additional security, collateral or guaranty for the payment of the indebtedness secured under this Agreement operate to prejudice, waive or affect the security of this Agreement or any rights, powers or remedies hereunder, nor shall the Secured Party or holder of any of the Secured Notes be required to first look to, enforce or exhaust such other or additional security, collateral or guaranties.

ARTICLE VI

Provisions Relating to the Secured Notes

Section 6.1 Registration and Execution. The Secured Notes shall be registered as to principal and interest and shall be signed on behalf of the Debtor by its President or any Vice President or any other officer of the Debtor who, at the date of the actual execution thereof, shall be a proper officer to execute the same.

Section 6.2 Payment of the Secured Notes.

(a) The principal of, and premium, if any, and interest on the Secured Notes shall be payable by wire transfer of immediately available funds to such bank or trust company in the continental United States for the account of each holder thereof as such holder shall designate to the Secured Party from time to time in writing, and if no such designation is in effect, by check, duly mailed, by first class, postage prepaid, or delivered to such holder at its address appearing on the Register as defined in Section 6.3 hereof. All payments so made shall be valid and effectual to satisfy and discharge the liability upon such Secured Note to the extent of the sums so paid. Each holder (or the person for whom such holder is a nominee) by its acceptance of any Secured Notes agrees that, before selling, transferring or otherwise disposing of such Secured Notes, it will present such Secured Note to the Debtor for transfer and notation as provided in Sections 6.4 and 6.5 hereof.

(b) All amounts constituting payment of the installments of rental under the Lease and Casualty Value received by the Secured Party and applied on the Notes pursuant to Section 5 hereof shall be valid and effectual to satisfy and discharge the liability upon such Secured Notes to the extent of the amounts so received and applied.

Section 6.3 The Register. The Debtor will keep at its principal office a register for the registration and transfer of Secured Notes (herein called the Register). The names and addresses of the holders of the Secured Notes, the transfers of the Secured Notes and the names and addresses of the transferees of all Secured Notes shall be registered in the Register.

Section 6.4 Transfers and Exchanges of Secured Notes; Lost or Mutilated Secured Notes.

(a) The holder of any Secured Note may transfer such Secured Note upon the surrender thereof at the principal corporate office of the Debtor, and the Debtor shall execute in the name of the transferee a new Secured Note or Secured Notes in denominations not less than \$100,000 (unless the aggregate unpaid amount of such holder's Secured Notes is less than \$100,000) in aggregate principal amount equal to the unpaid principal amount of the Secured Note so surrendered and deliver such new Secured Note or Secured Notes to the Debtor for delivery to such transferee. The Debtor shall give the Secured Party prompt written notice of any transfer of any Secured Note.

(b) The holder of any Secured Note or Secured Notes may surrender such Secured Note or Secured Notes at the principal office of the Debtor, accompanied by a written request for a new Secured Note or Secured Notes in the same aggregate principal amount as the then unpaid principal amount of the Secured Note or Secured Notes so surrendered and in denominations of \$100,000 (unless the aggregate unpaid amount of such holder's Secured Notes is less than \$100,000) or such amount in excess thereof as may be specified in such request. Thereupon, the Debtor shall execute in the name of such holder a new Secured Note or Secured Notes in the denomination or denominations so requested and in aggregate principal amount equal to the aggregate unpaid principal amount of the Secured Note or Secured Notes so surrendered and deliver such new Secured Note or Secured Notes to such holder.

(c) All Secured Notes presented or surrendered for exchange or transfer shall be accompanied (if so required by the Debtor) by a written instrument or instruments of assignment or transfer, in form satisfactory to the Debtor, duly executed by the registered holder or by its attorney duly authorized in writing. The Debtor shall not be required to make a transfer or an exchange of any Secured Note for a period of ten days preceding any installment payment date with respect thereto.

(d) No notarial act shall be necessary for the transfer or exchange of any Secured Note pursuant to

this Section 6.4, and the holder of any Secured Note issued as provided in this Section 6.4 shall be entitled to any and all rights and privileges granted under this Agreement to a holder of a Secured Note.

(e) In case any Secured Note shall become mutilated or be destroyed, lost or stolen, the Debtor, upon the written request of the holder thereof, shall execute and deliver a new Secured Note in exchange and substitution for the mutilated Secured Note, or in lieu of and in substitution for the Secured Note so destroyed, lost or stolen. The applicant for a substituted Secured Note shall furnish to the Debtor such security or indemnity as may be required by the Debtor to save it harmless from all risks, and the applicant shall also furnish to the Debtor evidence to its satisfaction of the mutilation, destruction, loss or theft of the applicant's Secured Note and of the ownership thereof. In case any Secured Note which has matured or is about to mature shall become mutilated or be destroyed, lost or stolen, the Debtor may, instead of issuing a substituted Secured Note, pay or authorize the payment of the same (without surrender thereof except in the case of a mutilated Secured Note), if the applicant for such payment shall furnish to the Debtor such security or indemnity as the Debtor may require to save it harmless, and shall furnish evidence to the satisfaction of the Debtor of the mutilation, destruction, loss or theft of such Secured Note and the ownership thereof. If any Purchaser, or its nominee, is the owner of any such lost, stolen or destroyed Secured Note, then the affidavit of the President, any Vice President, Treasurer or Assistant Treasurer, Secretary or Assistant Secretary of such Purchaser setting forth the fact of loss, theft or destruction and of its ownership of such Secured Note at the time of such loss, theft or destruction shall be accepted as satisfactory evidence thereof and no security or indemnity shall be required as a condition to execution and delivery of a new Secured Note other than the written agreement of such Purchaser to indemnify the Debtor and the Secured Party (including their attorneys' fees) for any claims or actions against them resulting from the issuance of such new Secured Note.

6.5 The New Secured Notes.

(a) Each new Secured Note issued pursuant to

Section 6.4(a), (b) or (e) in exchange for or in substitution or in lieu of an outstanding Secured Note shall be dated the date of such outstanding Secured Note. The Debtor shall mark on each new Secured Note (i) the dates to which principal and interest have been paid on such outstanding Secured Note, (ii) all payments and prepayments of principal previously made on such outstanding Secured Note which are allocable to such new Secured Note, and (iii) the amount of each installment payment payable on such new Secured Note. Each installment payment payable on such new Secured Note on any date shall bear the same proportion to the installment payment payable on such outstanding Secured Note on such date as the original principal amount of such new Secured Note bears to the original aggregate principal amount of such outstanding Secured Note. Interest shall be deemed to have been paid on such new Secured Note to the date on which interest shall have been paid on such outstanding Secured Note, and all payments and prepayments of principal marked on such new Secured Note, as provided in clause (ii) above, shall be deemed to have been made thereon.

(b) Upon the issuance of a new Secured Note pursuant to Section 6.4(a), (b) or (e), the Debtor may require the payment of a sum to reimburse it for, or to provide it with funds for, the payment of any tax or other governmental charge connected therewith which are paid or payable by the Debtor.

(c) All new Secured Notes issued pursuant to Section 6.4(a), (b) or (e) in exchange for or in substitution or in lieu of outstanding Secured Notes shall be valid obligations of the Debtor evidencing the same debt as outstanding Secured Notes and shall be entitled to the benefits and security of this Agreement to the same extent as the outstanding Secured Notes.

(d) Upon the issuance of any Secured Note pursuant to this Agreement, the Debtor shall prepare and deliver to the Secured Party an amortization schedule with respect to such Secured Note setting forth the amount of the installment payments to be made on such Secured Note after the date of issuance thereof and the unpaid principal balance of such Secured Note after each such installment payment.

Section 6.6 Cancellation of Secured Notes. All Secured Notes surrendered for the purpose of payment, redemption, transfer or exchange shall be delivered to the Debtor for cancellation or, if surrendered to the Debtor, shall be canceled by it, and no Secured Notes shall be issued in lieu thereof except as expressly required or permitted by any of the provisions of this Agreement.

Section 6.7 Registered Owner. The person in whose name any Secured Note shall be registered shall be deemed and treated as the owner thereof for all purposes of this Agreement, and the Debtor shall not be affected by any notice to the contrary. Payment of or on account of the principal of, premium, if any, and interest on such Secured Note shall be made only to or upon the order in writing of such registered owner. For the purpose of any request, direction or consent hereunder, the Debtor may deem and treat the registered owner of any Secured Note as the owner thereof without production of such Secured Note.

ARTICLE VII

Section 7.1. Limitation on Liability. It is expressly understood and agreed, except only as provided in Section 2.2 hereof, that nothing herein contained shall be construed as creating any liability on the part of the Exchange National Bank of Chicago, individually or personally, or any incorporator or any past, present or future subscriber to the capital stock of, or stockholder, officer or director of the Exchange National Bank of Chicago, to perform any covenant either express or implied contained herein or for the payment of any Secured Note, all such liability, being expressly waived by the Secured Party and by any person claiming by, through or under the Secured Party, and, the Secured Party and any person claiming by, through or under the Secured Party shall look solely to the Collateral for the performance of any obligation hereunder and for the payment of interest, principal or premium, if any, in respect of the Secured Notes.

ARTICLE VIII

Miscellaneous

Section 8.1 Successors and Assigns. Whenever any of the parties hereto is referred to such reference

shall be deemed to include the successors and assigns of such party; and all the covenants, premises and agreements in this Agreement contained by or on behalf of the Debtor or by or on behalf of the Secured Party, shall bind and inure to the benefit of the respective successors and assigns of such parties whether so expressed or not.

Section 8.2 Partial Invalidity. The unenforceability or invalidity of any provision or provisions of this Agreement shall not render any other provision or provisions herein contained unenforceable or invalid.

Section 8.3 Notices. All notices provided for herein shall be in writing and shall be deemed to have been given (unless otherwise required by the specific provisions hereof in respect of any matter) when delivered personally or when deposited in the United States mail, registered, postage prepaid, addressed as follows:

If to the Debtor at: LaSalle and Adams Streets
Chicago, Illinois 60690

Attention of Corporate
Trust Officer

If to the Secured Party at: 1500 Chestnut Street
Philadelphia, Pennsylvania
19101

Attention of Corporate
Trust Department

or to the Debtor or the Secured Party at such other address as the Debtor or the Secured Party may designate by notice duly given in accordance with this Section to the other party.

Section 8.4 Release. The Secured Party shall release this Agreement and the security interest granted hereby by proper instrument or instruments upon presentation of satisfactory evidence that all indebtedness secured hereby has been fully paid or discharged.

Section 8.5 Governing Law. This Agreement and the Secured Notes shall be construed in accordance with and governed by the laws of the State of Illinois; provided, however, that the Secured Party shall be entitled to all the rights conferred by any applicable Federal statute, rule or regulation.

Section 8.6 Counterparts. This Agreement may be executed, acknowledged and delivered in any number of counterparts, each of such counterparts constituting an original but all together only one Agreement.

Section 8.7 Headings. Any headings or captions preceding the text of the several articles and sections hereof and the Table of Contents herein included are intended solely for convenience of reference and shall not constitute a part of this Agreement nor shall they affect its meaning, construction or effect.

IN WITNESS WHEREOF, the parties hereto have executed or caused this Agreement to be executed as of the day and year first above written.

EXCHANGE NATIONAL BANK OF CHICAGO,
not individually, but solely as
Owner-Trustee, as aforesaid,

[CORPORATE SEAL]

by

Attest:

Vice President

[CORPORATE SEAL]

FIRST PENNSYLVANIA BANK, N.A.,
as Agent,

by


Attest:



Vice President

P. M. GIULIANTE

SENIOR CORPORATE TRUST OFFICER



T. A. O'CONNELL
ASSISTANT SECRETARY

STATE OF ILLINOIS,)
) ss.:
COUNTY OF COOK,)

On this day of 1978, before me
personally appeared , to me
personally known, who being by me duly sworn, says that he
is a Vice President of EXCHANGE NATIONAL BANK OF CHICAGO,
that one of the seals affixed to the foregoing instrument
is the corporate seal of said national association, that said
instrument was signed and sealed on behalf of said national
association by authority of its Board of Directors; and he
acknowledged that the execution of the foregoing instrument
was the free act and deed of said national association.

Notary Public

[Notarial Seal]

My Commission expires

COMMONWEALTH OF PENNSYLVANIA,)
) ss.:
COUNTY OF PHILADELPHIA,)

On this 14th day of Nov 1978, before me personally
appeared M. K. K. K. K., to me
personally known, who being by me duly sworn, says that ~~he~~
is a Corp. In Office
is a Vice President of FIRST PENNSYLVANIA BANK N.A., that
one of the seals affixed to the foregoing instrument is the
corporate seal of said national association, that said
instrument was signed and sealed on behalf of said national
association by authority of its Board of Directors; and he
acknowledged that the execution of the foregoing instrument
was the free act and deed of said national association.

Lynn M. Attarian
Notary Public

[Notarial Seal]

My Commission expires

LYNN M. ATTARIAN
Notary Public, Phila., Phila. Co.
My Commission Expires May 3, 1982

SCHEDULE I

Amortization Schedule of each \$696,366.47 Principal Amount of Secured Notes

<u>Regular Installment Number</u>	<u>Interest Payment</u>	<u>Principal Payment</u>	<u>Principal Balance After Payment</u>
0	\$ -	\$ -	\$ 696,366.47
1	32,032.86	6,564.14	689,802.34
2	31,730.91	6,866.09	682,936.25
3	31,415.07	7,181.93	675,754.32
4	31,084.70	7,512.30	668,242.01
5	30,739.13	7,857.87	660,384.15
6	30,377.67	8,219.33	652,164.82
7	29,999.58	8,597.42	643,567.40
8	29,604.10	8,992.90	634,574.50
9	29,190.43	9,406.57	625,167.93
10	28,757.72	9,839.28	615,328.65
11	28,305.12	10,291.88	605,036.77
12	27,831.69	10,765.31	594,271.46
13	27,336.49	11,260.51	583,010.95
14	26,818.50	11,778.50	571,232.45
15	26,276.69	12,320.31	558,912.14
16	25,709.96	12,887.04	546,025.10
17	25,117.15	13,479.85	532,545.26
18	24,497.08	14,099.92	518,445.34
19	23,848.49	14,748.51	503,696.82
20	23,170.05	15,426.95	488,269.88
21	22,460.41	23,995.88	464,273.99
22	21,356.60	18,613.46	445,660.53
23	20,500.38	17,296.41	428,364.13
24	19,704.75	16,035.64	412,328.48
25	18,967.11	15,496.59	396,831.89
26	18,254.27	14,956.05	381,875.84
27	17,566.29	15,145.42	366,730.42
28	16,869.60	15,355.51	351,374.91
29	16,163.25	15,571.74	335,803.17
30	15,446.95	15,791.80	320,011.37
31	14,720.52	16,079.79	303,931.58
32	13,980.85	16,375.19	287,556.39
33	13,227.59	16,739.75	270,816.64
34	12,457.57	28,287.43	242,529.22
35	11,156.34	36,016.66	206,512.56
36	9,499.58	37,673.42	168,839.14

<u>Regular Installment Number</u>	<u>Interest Payment</u>	<u>Principal Payment</u>	<u>Principal Balance After Payment</u>
37	\$ 7,766.60	\$ 39,406.40	\$ 129,432.74
38	5,953.91	41,219.09	88,213.64
39	4,057.83	43,115.17	45,098.47
40	2,074.53	45,098.47	-0-

SCHEDULE II

Description of Equipment

<u>Description</u>	<u>Number of Units</u>	<u>Identifying Mark and Numbers (Both Inclusive)</u>
100-ton roller bearing CF 5250 hopper cars, equipped with 20" hatches and pneumatic outlets, built generally to specification No. SCL-CF-SS2	100	DAX 2101-2200

SCHEDULE III

[Form of Secured Note]

No.

\$

DIAMOND SHAMROCK CORPORATION LEASE FINANCING

PROMISSORY NOTE

Issued Pursuant to Participation Agreement
Dated as of July 15, 1978

Secured Under Security Agreement
Dated as of July 15, 1978

EXCHANGE NATIONAL BANK OF CHICAGO, a national banking association (the "Debtor"), not in its individual capacity but solely as Owner-Trustee under a Trust Agreement dated as of July 15, 1978, with Security Pacific Equipment Leasing, Inc., for value received, hereby promises to pay to

, or registered assigns, but only from the funds designated below, in such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of public and private debts, the principal sum of

(\$) and to pay interest (computed on the basis of a 360-day year of twelve 30-day months) on the unpaid balance thereof at the rate of 9.20% per annum, on January 1 and July 1 of each year, from the date of this Note, until paid. Interest only shall be payable on January 1, 1979. Principal and interest shall be payable in semiannual installments on January 1 and July 1 in each year commencing July 1, 1979, and ending January 1, 1999, and the last such payment shall be in an amount sufficient to discharge all unpaid principal of and premium, if any, and accrued interest on this Note in full. The amount of each installment shall be as set forth on the Amortization Schedule attached as Schedule I to the Security Agreement dated as of July 15, 1978, between the Debtor and First Pennsylvania Bank N.A. (the "Secured Party") (herein called the Security Agreement),

subject to adjustment as provided therein.

To the extent permitted by applicable law, this Note shall bear interest, payable only from the funds designated below, at the rate of 10.20% per annum, on any part of the principal hereof or premium, if any, or interest hereon not paid when due for any period when the same shall be overdue.

This Note is one of the 9.20% Secured Notes of the Debtor not exceeding \$3,111,762 in aggregate principal amount issued under and pursuant to the Participation Agreement dated as of July 15, 1978, among the Debtor, Diamond Shamrock Corporation (the "Lessee"), the Secured Party and the Purchasers named in Schedule A thereto and also issued under and equally and ratably with said other Notes secured by the Security Agreement. Reference is made to the Security Agreement and all supplements and amendments thereto executed pursuant to the Security Agreement for a description of the collateral, the nature and extent of the security and rights of the Secured Party, the holder or holders of the Notes and of the Debtor in respect thereof.

Except for the regular amortization payments required to be made pursuant to the first paragraph of this Note, this Note may not be prepaid other than upon the occurrence of an Event of Default (as defined in the Security Agreement) and except for prepayments from the amounts received as Casualty Value as provided in Section 4.1(b) of the Security Agreement or as Termination Value as provided in Section 4.1(d) of the Security Agreement.

Payments of principal, premium, if any, and interest to be made by the Debtor on the Secured Notes secured by the Security Agreement of which this Note is one shall be made only from the Collateral (as defined in the Security Agreement) and as more specifically set forth in Article VII of the Security Agreement, and the registered owner or other holder hereof, by its acceptance of this Note, agrees that it will look solely to such Collateral for any amounts payable hereunder or under the Security Agreement, and the Debtor shall not be personally liable to the Secured Party or any registered owner or other holder hereof for any amounts payable hereunder or under the Security Agreement.

The terms and provisions of the Security Agreement and the rights and obligations of the Secured Party and the

rights of the holders of the Notes may be changed and modified to the extent permitted by and as provided in the Security Agreement.

This Note is a registered Note and is transferable only by surrender thereof at the principal office of the Debtor, duly endorsed or accompanied by a written instrument of transfer, duly executed by the registered holder of this Note or his attorney duly authorized in writing.

This Note and the Security Agreement are governed by and construed in accordance with the laws of the State of Illinois.

IN WITNESS WHEREOF, the Debtor has caused this Note to be duly executed.

Dated:

EXCHANGE NATIONAL BANK OF CHICAGO,
as Owner-Trustee,

by

Authorized Officer

THIS NOTE HAS NOT BEEN REGISTERED PURSUANT TO THE SECURITIES ACT OF 1933 OR UNDER THE SECURITIES LAWS OF ANY STATE. THIS NOTE MAY NOT BE OFFERED OR SOLD UNLESS IT IS REGISTERED UNDER THE APPLICABLE SECURITIES LAWS OR UNLESS AN EXEMPTION FROM SUCH REGISTRATION IS AVAILABLE.

CONSENT AND AGREEMENT

The undersigned, DIAMOND SHAMROCK CORPORATION, a Delaware corporation (hereinafter called the Lessee), the Lessee named in the Lease (hereinafter called the Lease) referred to in the foregoing Security Agreement (hereinafter called the Security Agreement), hereby (a) acknowledges receipt of a copy of the Security Agreement and (b) consents to all the terms and conditions of the Security Agreement insofar as they specifically relate to the Lease and agrees that:

(1) it will pay all rentals, casualty payments, liquidated damages, indemnities and other moneys provided for in the Lease (which moneys are hereinafter called the Payments) due and to become due under the Lease or otherwise in respect of the Units leased thereunder (except those specifically excepted from the assignment contained in the Security Agreement), directly to First Pennsylvania Bank N.A., as Agent (hereinafter called the Secured Party), the secured party named in the Security Agreement, at 1500 Chestnut Street, Philadelphia, Pennsylvania 19101, attention of Corporate Trust Department (or at such other address as may be furnished in writing to the Lessee by the Secured Party);

(2) the Secured Party shall be entitled to the benefits of, and to receive and enforce performance of, all the covenants to be performed by the Lessee under the Lease as though the Secured Party were named therein as the Lessor;

(3) the Secured Party shall not, by virtue of the Security Agreement or this Consent and Agreement, be or become subject to any liability or obligation under the Lease or otherwise; and

(4) except in accordance with the express terms of the Lease, the Lease shall not, without the prior written consent of the Secured Party, be terminated or modified.

This Consent and Agreement, when accepted by the Secured Party by signing the acceptance at the foot hereof, shall be deemed to be a contract under the laws of the

State of Ohio and, for all purposes, shall be construed in accordance with the laws of said State.

DIAMOND SHAMROCK CORPORATION,

by _____

[Corporate Seal]

Attest:

Assistant Secretary

The foregoing Consent and Agreement is hereby accepted, as of the 15th day of July 1978.

FIRST PENNSYLVANIA BANK N.A.,
as Agent,

by

R. M. Giuliante
Vice President

R. M. GIULIANTE
SENIOR CORPORATE TRUST OFFICER

SECURITY AGREEMENT

Dated as of July 15, 1978

BETWEEN

EXCHANGE NATIONAL BANK OF CHICAGO,
not in its individual capacity but solely as Owner-
Trustee under a Trust Agreement dated as of July 15,
1978, with Security Pacific Equipment Leasing, Inc.,

Debtor,

AND

FIRST PENNSYLVANIA BANK N.A., as Agent,

Secured Party.

EXHIBIT C TO THE
PARTICIPATION
AGREEMENT

SECURITY AGREEMENT

Dated as of July 15, 1978

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Schedule I	Amortization Schedule
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SECURITY AGREEMENT dated as of July 15, 1978, between EXCHANGE NATIONAL BANK OF CHICAGO, a national banking association, not in its individual capacity but solely as Owner-Trustee under a Trust Agreement dated as of July 15, 1978, with Security Pacific Equipment Leasing, Inc. (hereinafter called the Debtor), and FIRST PENNSYLVANIA BANK N.A., as Agent under the Participation Agreement referred to below (hereinafter called the Secured Party).

WHEREAS the Debtor and the Secured Party have entered into a Participation Agreement dated as of the date hereof (hereinafter called the Participation Agreement) with Diamond Shamrock Corporation, a Delaware corporation (hereinafter called the Lessee), and the Purchasers named in Schedule A thereto (hereinafter called the Purchasers) providing, among other things, for the commitment of the Purchasers to purchase not later than December 31, 1978, the 9.20% Secured Notes (hereinafter called the Secured Notes) of the Debtor not exceeding the maximum aggregate principal amount of \$3,111,762. The Secured Notes are to be dated the date of issue and to bear interest at the rate of 9.20% per annum prior to maturity, and to mature in 40 semiannual installments, including both principal and interest, payable in accordance with the amortization schedule set forth in Schedule I hereto with interest only payable on January 1, 1979, and the first regular installment of principal and interest to be paid July 1, 1979, and with the final installment payable not later than January 1, 1999, and to be otherwise substantially in the form attached hereto as Schedule III;

WHEREAS the Secured Notes and all principal thereof and interest (and premium, if any) thereon and all additional amounts and other sums at any time due and owing from or required to be paid by the Debtor under the terms of the Secured Notes, this Agreement or the Participation Agreement are hereinafter sometimes referred to as "indebtedness hereby secured";

WHEREAS the Debtor, the Lessee, ACF Industries Incorporated and Tank Lining Corp. (such last two named corporations being hereinafter called the Manufacturers) are

parties to a Purchase Order Assignment dated as of the date hereof (hereinafter called the Purchase Order Assignment); and

WHEREAS the Debtor and the Lessee are parties to a Lease of Railroad Equipment dated as of the date hereof (hereinafter called the Lease).

NOW, THEREFORE, in consideration of the agreements and the covenants hereinafter contained, and other good and valuable consideration the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

ARTICLE I

Security Interest Granted

Section 1.1. Granting Clauses. The Debtor in order to secure the payment of the principal of and interest on the Secured Notes according to their tenor and effect, and to secure the payment of all other indebtedness hereby secured and the performance and observance of all covenants and conditions in the Secured Notes, in this Agreement and in the Participation Agreement contained, does hereby convey, warrant, mortgage, pledge, assign and grant unto the Secured Party, its successors and assigns, a security interest in, all and singular of the Debtor's right, title and interest in and to the properties, rights, interests and privileges described in clauses (a), (b) and (c) of this Section 1.1 subject always to the exceptions, reservations and limitations contained in Sections 1.2 and 1.4 hereof (all of which properties hereby mortgaged, assigned and pledged or intended so to be are hereinafter collectively referred to as the "Collateral"), to wit:

(a) the railroad equipment described in Schedule II attached hereto and made a part hereof (collectively the Equipment and individually a Unit of Equipment) constituting Equipment leased and delivered under the Lease, together with all accessories, equipment, parts and appurtenances appertaining or attached to any of the Equipment, whether now owned or hereafter acquired,

except such thereof as remain the property of the Lessee under the Lease, and all substitutions, renewals or replacements of and additions, improvements, accessions and accumulations to any and all of said Equipment, except such thereof as remain the property of the Debtor under the Lease, together with all the rents, issues, income, profits and avails therefrom;

(b) all right, title, interest, claims and demands of the Debtor in, to and under the Lease, including all extensions of the term of the Lease, together with all rights, powers, privileges, options and other benefits of the Debtor under the Lease, including, without limitation, but subject always to the exceptions, reservations and limitations contained in Sections 1.2 and 1.4 hereof:

(i) the immediate and continuing right to receive and collect all rental payments, payments of Casualty Value (as defined in the Lease), insurance proceeds, condemnation awards and other payments, tenders and security now or hereafter payable or receivable by the Debtor under the Lease or pursuant thereto;

(ii) the right to make all waivers and agreements (provided that prior to the occurrence of an Event of Default hereunder, any such waiver or agreement shall be made only with the approval of the Debtor) and to give and receive duplicate copies of all notices and other instruments or communications; and

(iii) the right to take such action upon the occurrence of an Event of Default under the Lease or an event which with the lapse of time or giving of notice, or both, would constitute an Event of Default under the Lease, including the commencement, conduct and consummation of legal, administrative or other proceedings, as shall be permitted by the Lease or by law, and to do any and all other things whatsoever which the Debtor or any Lessor is or may be entitled to do under the Lease;

it being the intent and purpose hereof that subject

always to the exceptions, reservations and limitations contained in Sections 1.2 and 1.4 hereof, the assignment and transfer to the Secured Party of said rights, powers, privileges, options and other benefits shall be effective and operative immediately and shall continue in full force and effect, and the Secured Party shall have the right to collect and receive said rental, Casualty Value payments, insurance proceeds, condemnation awards and other payments for application in accordance with the provisions of Article IV hereof at all times during the period from and after the date of this Agreement until the indebtedness hereby secured has been fully paid and discharged; and

(c) all right, title, interest, claims and demands of the Debtor in, to and under the Purchase Order Assignment, and any and all other contracts and agreements relating to the Equipment or any rights or interests therein (other than the Participation Agreement or any indemnities payable thereunder) to which the Debtor is now or hereafter may be a party, together with all rights, powers, privileges, options and other benefits of the Debtor under the Purchase Order Assignment and each and every other such contract and agreement, it being the intent and purpose hereof that subject always to the exceptions, reservations and limitations contained in Sections 1.2 and 1.4 hereof, the assignment and transfer to the Secured Party of said rights, powers, privileges, options and other benefits shall be effective and operative immediately and shall continue in full force and effect until the indebtedness hereby secured has been fully paid and discharged.

Section 1.2. Limitations to Security Interest.
The security interest granted by Section 1.1 hereof is subject to (a) the right, title and interest of the Lessee under the Lease, (b) any lien for current taxes and assessments not in default (but only if such taxes are entitled to priority as a matter of law), or, if delinquent, the validity of which is being contested in good faith and by appropriate legal or administrative proceedings and the nonpayment thereof does not, in the reasonable opinion of the Secured Party, affect the properties, rights, interests and privileges of the Secured Party in or to the Equipment or otherwise under this Agreement and (c) liens and charges permitted by Section 12 of the Lease.

Section 1.3. Duration of Security Interest. The Secured Party, its successors and assigns shall have and hold the Collateral forever; provided, always, however, that such security interest is granted upon the express condition that if the Debtor shall pay or cause to be paid all the indebtedness hereby secured and shall observe, keep and perform all the terms and conditions, covenants and agreements herein, in the Participation Agreement and in the Secured Notes contained, then these presents and the estate hereby granted and conveyed shall cease and this Agreement shall become null and void; otherwise to remain in full force and effect.

Section 1.4. Excepted Rights in Collateral. There are expressly excepted and reserved from the security interest and operation of this Agreement the following described properties, rights, interests and privileges (hereinafter sometimes referred to as the Excepted Rights in Collateral) and nothing herein or in any other agreement contained shall constitute an assignment of the Excepted Rights in Collateral to the Secured Party:

(a) all payments of any indemnity under Sections 6 and 9 of the Lease which by the terms of the Lease are payable directly to the indemnified party for its own account;

(b) all rights of any indemnified party under the Lease to demand, collect, sue for or otherwise obtain all amounts from the Lessee due the Debtor on account of any such indemnities or payments due pursuant to said Sections 6 and 9 of the Lease; provided, however, that the rights excepted and reserved by this clause (b) shall not be deemed to include the exercise of any remedies provided for in Section 10 of the Lease except those contained in subsection (a) thereof;

(c) any insurance proceeds payable under general public liability policies maintained by the Lessee pursuant to Section 7 of the Lease which by the terms of such policies or the terms of the Lease are payable directly to the Debtor for its own account; and

(d) all rights of the Debtor to purchase the Equipment under the Purchase Order Assignment.

ARTICLE II

Covenants and Warranties of the Debtor

Section 2.1. Debtor's Duties. The Debtor covenants and agrees well and truly to perform, abide by and to be governed and restricted by each and all the terms, provisions, restrictions, covenants and agreements set forth in the Participation Agreement, and in each and every supplement thereto or amendment thereof which may at any time or from time to time be executed and delivered by the parties thereto or their successors and assigns, to the same extent as though each and all of said terms, provisions, restrictions, covenants and agreements were fully set out herein and as though any amendment or supplement to the Participation Agreement were fully set out in an amendment or supplement to this Agreement. The Debtor undertakes to perform only such duties as are expressly and specifically set forth herein, in the Participation Agreement, in the Purchase Order Assignment and in the Lease (such four agreements being hereinafter sometimes collectively called the Fundamental Agreements), and no implied covenants or obligations are to be construed as part of this Agreement or any other Fundamental Agreements against the Debtor.

Section 2.2. Warranty of Title. The Debtor represents and warrants that it has the right, power and authority to grant a security interest in the Collateral to the Secured Party for the uses and purposes herein set forth; and the Debtor will warrant and defend the title to the Collateral against all claims and demands of persons claiming by, through or under the Debtor (excepting only the right, title and interest of the Lessee under the Lease and of persons claiming by, through or under the Lessee). The Debtor also agrees that it will at its own cost and expense promptly take such action as may be necessary to duly discharge any liens and encumbrances on the Collateral which result from claims against the Debtor not related to this Agreement, the other Fundamental Agreements or the transactions contemplated herein or therein.

Section 2.3. Further Assurances. The Debtor agrees that it will, without any expense to the Secured Party, do, execute, acknowledge and deliver all and every further acts, deeds, conveyances, transfers and assurances necessary or proper for the perfection of the security interest being herein provided for in the Collateral, whether now owned or hereafter acquired.

Without limiting the foregoing but in furtherance of the security interest herein granted in the rents and other sums due and to become due under the Lease, the Debtor covenants and agrees that it will notify the Lessee of such assignment pursuant to Section 12 of the Lease and direct the Lessee to make all payments of such rents and other sums due and to become due under the Lease, other than the Excepted Rights in Collateral, directly to the Secured Party or as the Secured Party may direct.

Section 2.4. After-acquired Property. Any and all property described or referred to in the granting clauses hereof which is hereafter acquired shall ipso facto, and without any further conveyance, assignment or act on the part of the Debtor or the Secured Party, become and be subject to the security interest herein granted as fully and completely as though specifically described herein, but nothing in this Section 2.4 contained shall be deemed to modify or change the obligation of the Debtor under Section 2.3 hereof.

Section 2.5. Recordation and Filing. The Debtor will cause this Agreement and any supplements hereto, the Lease and any supplements thereto, and all financing and continuation statements and similar notices required by applicable law, at all times to be kept, recorded and filed at no expense to the Secured Party in such manner and in such places as may be required by law in order fully to preserve and protect the rights of the Secured Party hereunder, and will at its own expense furnish to the Secured Party promptly after the execution and delivery of this Agreement and of any supplement hereto an opinion of counsel stating that in the opinion of such counsel this Agreement or such supplement, as the case may be, has been properly recorded or filed for record so as to make effective of record the security interest intended to be created hereby.

Section 2.6. Modification of the Lease. The Debtor agrees that it will not:

(a) declare a default or exercise the remedies of the Lessor under, or terminate or modify or accept a surrender of, or offer or agree to, any termination or modification or surrender of, the Lease or by affirmative act consent to the creation or existence of any security interest or other lien to secure the payment

of indebtedness upon the leasehold estate created by the Lease or any part thereof; or

(b) receive or collect or permit the receipt or collection of any payment under the Lease prior to the date for payment thereof provided for by the Lease or assign, transfer or hypothecate (other than to the Secured Party hereunder) any rent payment then due or to accrue in the future under the Lease in respect of the Equipment; or

(c) sell, mortgage, transfer, assign or hypothecate (other than to the Secured Party hereunder) its interest in the Equipment or any part thereof or in any amount to be received by it from the use or disposition of the Equipment (except for any sale, mortgage, transfer, assignment or hypothecation which is expressly subject to this Agreement).

Section 2.7 Power of Attorney in Respect of the Lease. The Debtor does hereby irrevocably constitute and appoint the Secured Party its true and lawful attorney with full power of substitution for it and in its name, place and stead, to ask, demand, collect, receive, receipt for, sue for, compound and give acquittance for any and all rents, income and other sums which are assigned under clauses (a), (b) and (c) of Section 1.1 hereof with full power to settle, adjust or compromise any claim thereunder as fully as the Debtor could itself do, and to endorse the name of the Debtor on all commercial paper given in payment or in part payment thereof, and in its discretion to file any claim or take any other action or proceedings, either in its own name or in the name of the Debtor or otherwise, which the Secured Party may deem necessary or appropriate to protect and preserve the right, title and interest of the Secured Party in and to such rents and other sums and the security intended to be afforded hereby.

ARTICLE III

Possession, Use and Release of Property

Section 3.1 Possession of Collateral. While the Debtor is not in default hereunder it shall be suffered and

permitted to remain in full possession, enjoyment and control of the Equipment and to manage, operate and use the same and each part thereof with the rights and franchises appertaining thereto; provided, always that the possession, enjoyment, control and use of the Equipment shall at all times be subject to the observance and performance of the terms of this Agreement. It is expressly understood that the use and possession of the Equipment by the Lessee under and subject to the Lease shall not constitute a violation of this Section 3.1.

Section 3.2 Release of Property. So long as no default referred to in Section 10 of the Lease has occurred and is continuing to the knowledge of the Secured Party, the Secured Party shall execute a release in respect of any Unit of Equipment designated by the Lessee for settlement or termination pursuant to Section 7 or 13 of the Lease or the first paragraph of Article 2 of the Purchase Order Assignment upon receipt from the Lessee of written notice designating the Unit of Equipment in respect of which the Lease will terminate or which will be purchased by the Lessee pursuant to the first paragraph of Article 2 of the Purchase Order Assignment, as the case may be, and the receipt from the Lessee of payment for the Casualty Value or Termination Value for such Unit of Equipment in compliance with Section 7 or 13 of the Lease or of the purchase price of such Unit of Equipment pursuant to the first paragraph of Article 2 of the Purchase Order Assignment, as the case may be.

Section 3.3 Protection of Purchaser. No purchaser in good faith of property purporting to be released hereunder shall be bound to ascertain the authority of the Secured Party to execute the release, or to inquire as to any facts required by the provisions hereof for the exercise of such authority; nor shall any purchaser, in good faith, of any item or unit of the Collateral be under obligation to ascertain or inquire into the conditions upon which any such sale is hereby authorized.

ARTICLE IV

Application of Assigned Rentals and Certain Other Moneys Received by the Secured Party

Section 4.1 Application of Rents. So long as no default or Event of Default (as defined in Section 5.1 hereof) has occurred and is continuing:

(a) the amounts from time to time received by the Secured Party which constitute payment of the install-

ments of rent under the Lease shall be applied first, to the payment of the installments of principal and interest (and in each case first to interest and then to principal) on the installments of the Secured Notes which have matured or will mature on or before the due date of the installments of rent which are received by the Secured Party, and second, the balance, if any, of such amounts shall be paid to or upon the order of the Debtor not later than the first business day following the receipt thereof;

(b) the amounts from time to time received by the Secured Party which constitute payment by the Lessee of the Casualty Value for any Unit of Equipment pursuant to Section 7 of the Lease or the purchase price of any Unit of Equipment pursuant to the first paragraph of Article 2 of the Purchase Order Assignment shall be paid and applied as follows: first, an amount equal to the Loan Value (as hereinafter defined) of such Unit of Equipment for which settlement is then being made shall be applied to the prepayment of the Secured Notes so that each of the remaining installments of each Secured Note shall be reduced in the proportion that the principal amount of the prepayment bears to the unpaid principal amount of all the outstanding Secured Notes immediately prior to the prepayment and, in the case of amounts representing the purchase price of any Unit of Equipment pursuant to the first paragraph of Article 2 of the Purchase Order Assignment, accrued interest on the amount of each Secured Note then being prepaid; and second, the balance, if any, of such amounts held by the Secured Party after making the applications provided for by clause first of this Section 4.1(b) shall be released to or upon the order of the Debtor on the date of payment of the Secured Notes; for purposes of this Section 4.1, the Loan Value, in respect of any Unit of Equipment, shall be an amount equal to the product of (A) a fraction, the numerator of which is an amount equal to the Purchase Price (as defined in the Participation Agreement) of such Unit of Equipment for which settlement is then being made and the denominator of which is the aggregate Purchase Price of all Units of Equipment then subject to the Lease (including the Purchase Price of such Unit of Equipment for which settlement is then being made), times (B) the unpaid principal amount of the Secured Notes immediately prior to the prepayment provided for in this Section 4.1(b) or in Section 4.1(d) hereof in the case of prepayments being made pursuant to such Section (after giving effect to all

payments of installments of principal made or to be made on the date of prepayment provided for in this Section 4.1(b) or in Section 4.1(d) hereof, as the case may be);

(c) the amounts received by the Secured Party from time to time which constitute proceeds of casualty insurance maintained by the Lessee in respect of the Equipment, shall be held by the Secured Party as a part of the Collateral and shall be applied by the Secured Party from time to time to any one or more of the following purposes:

(i) so long as no Event of Default has occurred and is continuing to the knowledge of the Secured Party, the proceeds of such insurance shall, if the Equipment is to be repaired, be released to the Debtor to reimburse the Lessee for expenditures made for such repair upon receipt by the Secured Party of proof satisfactory to the Secured Party that any damage to the Equipment in respect of which such proceeds were paid has been fully repaired as required by the last paragraph of Section 7 of the Lease; or

(ii) so long as no Event of Default has occurred and is continuing to the knowledge of the Secured Party, the proceeds of such insurance shall, if the Lessee shall have paid the Casualty Value in respect of the Units in respect of which the proceeds were received, be paid to the Lessee for the account of the Debtor to the extent of the amount of such Casualty Value and the balance thereof shall be paid to the Debtor, for its own account; and

(d) in the event that the Lease shall be terminated as to any Unit of Equipment pursuant to Section 13(c) thereof, the aggregate of the amount received from the purchaser of such terminated Unit of Equipment and the amount, if any, received from the Lessee pursuant to such Section 13(c) shall be applied as follows: first, an amount equal to the Loan Value of the terminated Units shall be applied to the prepayment of the Secured Notes so that each of the remaining installments of each Secured Note shall be reduced in the proportion that the principal amount of the prepayment bears to the unpaid principal amount of all the outstanding Secured Notes immediately prior to the prepayment, second, a premium in respect of the prepaid portion of each Secured Note shall be paid as follows:

<u>if the prepayment takes place in</u>	<u>the premium shall be this percentage of the amount prepaid</u>
1989	4.60
1990	4.14
1991	3.68
1992	3.22
1993	2.76
1994	2.30
1995	1.84
1996	1.38
1997	.92
1998	.46

and, third, the balance shall be paid to the Debtor for its own account.

Section 4.2 Multiple Secured Notes. If more than one Secured Note is outstanding at the time any such application is made, such application shall be made on all outstanding Secured Notes ratably in accordance with the aggregate principal amount remaining unpaid thereon.

Section 4.3 Default. If an Event of Default has occurred and is continuing, all amounts received by the Secured Party pursuant to Section 4.1 hereof shall be applied in the manner provided for in Article V hereof in respect of proceeds and avails of the Collateral.

ARTICLE V

Defaults and Remedies

Section 5.1 Events of Default. The term Event of Default shall mean one or more of the following:

(a) default in payment of an installment of the principal of, or interest on, any Secured Note when and as the same shall become due and payable, whether at the due date thereof or at the date fixed for prepayment or by acceleration or otherwise, and any such default shall continue unremedied for 5 business days; or

(b) an Event of Default, as defined and set forth in Section 10 of the Lease; or

(c) default on the part of the Debtor in the due observance or performance of any covenant or agreement to be observed or performed by the Debtor under this Agreement or the Participation Agreement, and such default shall continue unremedied for 30 days after written notice from the Secured Party to the Debtor specifying the default and demanding the same to be remedied; or

(d) any representation or warranty on the part of the Debtor made herein or in the Participation Agreement or in any report, certificate, financial or other statement furnished in connection with this Agreement, the Lease or the Participation Agreement, or the transactions contemplated herein or therein shall prove to be false or misleading in any material respect when made; or

(e) any claim, lien or charge (other than those permitted under Section 1.2 hereof and liens, charges and encumbrances which the Lessee is obligated to discharge under Section 6 or 12 of the Lease) shall be asserted against or levied or imposed upon the Collateral, and such claim, lien or charge shall not be discharged or removed within 30 calendar days after written notice from the Secured Party or the holder of any Secured Note to the Debtor and the Lessee demanding the discharge or removal thereof.

The Debtor shall give the Secured Party prompt written notice by registered mail, return receipt requested, of any Default of which it has knowledge, but failure to give such notice shall not affect the enforcement of any remedy pursuant to Section 5.2 hereof.

Section 5.2 Remedies upon Default. The Debtor agrees that when any Event of Default has occurred and is continuing the Secured Party shall have the rights, options, duties and remedies of a secured party, and the Debtor shall have the rights and duties of a debtor, under the Uniform Commercial Code of Illinois (regardless of whether such Code or a law similar thereto has been enacted in a jurisdiction wherein the rights or remedies are asserted), and that the Secured Party may:

(a) by notice in writing to the Debtor declare the entire unpaid balance of the Secured Notes to be immediately due and payable; and thereupon all such unpaid balance, together with all accrued interest thereon, shall be and become immediately due and payable;

(b) subject always to the then existing rights, if any, of the Lessee under the Lease, personally or by agents or attorneys (subject to compliance with any applicable mandatory legal requirements) take immediate possession of the Collateral, or any portion thereof, and for that purpose may pursue the same wherever it may be found, and may enter any of the premises of the Debtor, with or without notice, demand, process of law or legal procedure, if this can be done without breach of the peace, and search for, take possession of, remove, keep and store the Collateral, or use and operate or lease the Collateral until sold;

(c) subject always to the then existing rights, if any, of the Lessee under the Lease, if at the time such action may be lawful (subject to compliance with any mandatory legal requirements) either with or without taking possession and either before or after taking possession, and without instituting any legal proceedings whatsoever, and having first given notice of such sale by registered mail to the Debtor once at least 10 days prior to the date of such sale, and any other notice which may be required by law, sell and dispose of said Collateral, or any part thereof, at public auction to the highest bidder, in one lot as an entirety or in separate lots, and either for cash or on credit and on such terms as the Secured Party may determine, and at any place (whether or not it be the location of the Collateral or any part thereof) designated in the notice above referred to; provided, however, that any such sale should be held in a commercially reasonable manner; any such sale or sales may be adjourned from time to time by announcement at the time and place appointed for such sale or sales, or for any such adjourned sale or sales, without further published notice, and the Secured Party or the holder or holders of the Secured Notes, or of any interest therein, may bid and become the purchaser at any such sale;

(d) subject always to the rights of the Lessee under the Lease, proceed to protect and enforce this Agreement and the Secured Notes by suit or suits or proceedings in equity, at law or in bankruptcy, and whether for the specific performance of any covenant or agreement herein contained or in execution or aid of any power herein granted; or for foreclosure hereunder, or for the appointment of a receiver or receivers

for the Collateral or any part thereof for the recovery of judgment for the indebtedness hereby secured or for the enforcement of any other proper, legal or equitable remedy available under applicable law; and

(e) subject always to the then existing rights, if any, of the Lessee under the Lease, proceed to exercise all rights, privileges and remedies of the Debtor under the Lease, and exercise all such rights and remedies either in the name of the Secured Party or in the name of the Debtor for the use and benefit of the Secured Party.

Section 5.3 Acceleration. In case of any sale of the Collateral, or of any part thereof, pursuant to any judgment or decree of any court or otherwise in connection with the enforcement of any of the terms of this Agreement, the principal of the Secured Notes, if not previously due, and the interest accrued thereon, shall at once become and be immediately due and payable; also in the case of any such sale, the purchaser or purchasers, for the purpose of making settlement for or payment of the purchase price, shall be entitled to turn in and use the Secured Notes and any claims for interest matured and unpaid thereon, in order that there may be credited as paid on the purchase price the sum apportionable and applicable to the Secured Notes including principal and interest thereof out of the net proceeds of such sale after allowing for the proportion of the total purchase price required to be paid in actual cash, if any.

Section 5.4 Waiver by Debtor. To the extent permitted by law, the Debtor covenants that it will not at any time insist upon or plead, or in any manner whatever claim or take any benefit or advantage of, any stay or extension law now or at any time hereafter in force, nor claim, take, nor insist upon any benefit or advantage of or from any law now or hereafter in force providing for the valuation or appraisal of the Collateral or any part thereof, prior to any sale or sales thereof to be made pursuant to any provision herein contained, or to the decree, judgment or order of any court of competent jurisdiction; nor, after such sale or sales, claim or exercise any right under any statute now or hereafter made or enacted by any state or otherwise to redeem the property so sold or any part thereof, and, to the full extent legally permitted, hereby expressly waives for itself and on behalf of each and every person, except decree or judgment creditors of the Debtor acquiring any interest in or title

to the Collateral or any part thereof subsequent to the date of this Agreement, all benefit and advantage of any such law or laws, and covenants that it will not invoke or utilize any such law or laws or otherwise hinder, delay or impede the execution of any power herein granted and delegated to the Secured Party, but will suffer and permit the execution of every such power as though no such power, law or laws had been made or enacted.

Section 5.5 Effect of Sale. Any sale, whether under any power of sale hereby given or by virtue of judicial proceedings, shall operate to divest all right, title, interest, claim and demand whatsoever, either at law or in equity, of the Debtor in and to the property sold and shall be a perpetual bar, both at law and in equity, against the Debtor, its successors and assigns, and against any and all persons claiming the property sold or any part thereof under, by or through the Debtor, its successors or assigns (subject, however, to the then existing rights, if any, of the Lessee under the Lease).

Section 5.6 Application of Sale Proceeds. The proceeds and/or avails of any sale of the Collateral, or any part thereof, and the proceeds and the avails of any remedy hereunder shall be paid to and applied as follows:

(a) first, to the payment of costs and expenses of foreclosure or suit, if any, and of such sale, and of all property expenses, liability and advances, including legal expenses and attorneys' fees, incurred or made hereunder by the Secured Party, or the holder or holders of the Secured Notes and of all taxes, assessments or liens superior to the lien of these presents, except any taxes, assessments or other superior lien subject to which said sale may have been made;

(b) second, to the payment to the holder or holders of the Secured Notes of the amount then owing or unpaid on the Secured Notes for principal and interest; and in case such proceeds shall be insufficient to pay in full the whole amount so due, owing or unpaid upon the Secured Notes, then ratably according to the aggregate of such principal and the accrued and unpaid interest with application on each Secured Note to be made, first to unpaid principal thereof, second, to unpaid premium, if any, and third, to unpaid interest thereon; such application to be made upon presentation of the several

Secured Notes, and the notation thereon of the payment, if partially paid, or the surrender and cancellation thereof, if fully paid; and

(c) third, to the payment of the surplus, if any, to the Debtor, its successors and assigns, or to whosoever may be lawfully entitled to receive the same.

Section 5.7 Discontinuance of Remedies. In case the Secured Party shall have proceeded to enforce any right under this Agreement by foreclosure, sale, entry or otherwise, and such proceedings shall have been discontinued or abandoned for any reason or shall have been determined adversely, then, and in every such case, the Debtor, the Secured Party and the holders of the Secured Notes shall be restored to their former positions and rights hereunder with respect to the property subject to the security interest created under this Agreement.

Section 5.8 Cumulative Remedies. No delay or omission of the Secured Party or of the holder of any Secured Note to exercise any right or power arising from any default on the part of the Debtor, shall exhaust or impair any such right or power or prevent its exercise during the continuance of such default. No waiver by the Secured Party, or the holder of any Secured Note of any such default, whether such waiver be full or partial, shall extend to or be taken to affect any subsequent default, or to impair the rights resulting therefrom except as may be otherwise provided herein. The Secured Party may exercise any one or more or all the remedies hereunder and no remedy is intended to be exclusive of any other remedy but each and every remedy shall be cumulative and in addition to any and every other remedy given hereunder or otherwise existing now or hereafter at law or in equity; nor shall the giving, taking or enforcement of any other or additional security, collateral or guaranty for the payment of the indebtedness secured under this Agreement operate to prejudice, waive or affect the security of this Agreement or any rights, powers or remedies hereunder, nor shall the Secured Party or holder of any of the Secured Notes be required to first look to, enforce or exhaust such other or additional security, collateral or guaranties.

ARTICLE VI

Provisions Relating to the Secured Notes

Section 6.1 Registration and Execution. The Secured Notes shall be registered as to principal and interest and shall be signed on behalf of the Debtor by its President or any Vice President or any other officer of the Debtor who, at the date of the actual execution thereof, shall be a proper officer to execute the same.

Section 6.2 Payment of the Secured Notes.

(a) The principal of, and premium, if any, and interest on the Secured Notes shall be payable by wire transfer of immediately available funds to such bank or trust company in the continental United States for the account of each holder thereof as such holder shall designate to the Secured Party from time to time in writing, and if no such designation is in effect, by check, duly mailed, by first class, postage prepaid, or delivered to such holder at its address appearing on the Register as defined in Section 6.3 hereof. All payments so made shall be valid and effectual to satisfy and discharge the liability upon such Secured Note to the extent of the sums so paid. Each holder (or the person for whom such holder is a nominee) by its acceptance of any Secured Notes agrees that, before selling, transferring or otherwise disposing of such Secured Notes, it will present such Secured Note to the Debtor for transfer and notation as provided in Sections 6.4 and 6.5 hereof.

(b) All amounts constituting payment of the installments of rental under the Lease and Casualty Value received by the Secured Party and applied on the Notes pursuant to Section 5 hereof shall be valid and effectual to satisfy and discharge the liability upon such Secured Notes to the extent of the amounts so received and applied.

Section 6.3 The Register. The Debtor will keep at its principal office a register for the registration and transfer of Secured Notes (herein called the Register). The names and addresses of the holders of the Secured Notes, the transfers of the Secured Notes and the names and addresses of the transferees of all Secured Notes shall be registered in the Register.

Section 6.4 Transfers and Exchanges of Secured Notes; Lost or Mutilated Secured Notes.

(a) The holder of any Secured Note may transfer such Secured Note upon the surrender thereof at the principal corporate office of the Debtor, and the Debtor shall execute in the name of the transferee a new Secured Note or Secured Notes in denominations not less than \$100,000 (unless the aggregate unpaid amount of such holder's Secured Notes is less than \$100,000) in aggregate principal amount equal to the unpaid principal amount of the Secured Note so surrendered and deliver such new Secured Note or Secured Notes to the Debtor for delivery to such transferee. The Debtor shall give the Secured Party prompt written notice of any transfer of any Secured Note.

(b) The holder of any Secured Note or Secured Notes may surrender such Secured Note or Secured Notes at the principal office of the Debtor, accompanied by a written request for a new Secured Note or Secured Notes in the same aggregate principal amount as the then unpaid principal amount of the Secured Note or Secured Notes so surrendered and in denominations of \$100,000 (unless the aggregate unpaid amount of such holder's Secured Notes is less than \$100,000) or such amount in excess thereof as may be specified in such request. Thereupon, the Debtor shall execute in the name of such holder a new Secured Note or Secured Notes in the denomination or denominations so requested and in aggregate principal amount equal to the aggregate unpaid principal amount of the Secured Note or Secured Notes so surrendered and deliver such new Secured Note or Secured Notes to such holder.

(c) All Secured Notes presented or surrendered for exchange or transfer shall be accompanied (if so required by the Debtor) by a written instrument or instruments of assignment or transfer, in form satisfactory to the Debtor, duly executed by the registered holder or by its attorney duly authorized in writing. The Debtor shall not be required to make a transfer or an exchange of any Secured Note for a period of ten days preceding any installment payment date with respect thereto.

(d) No notarial act shall be necessary for the transfer or exchange of any Secured Note pursuant to

this Section 6.4, and the holder of any Secured Note issued as provided in this Section 6.4 shall be entitled to any and all rights and privileges granted under this Agreement to a holder of a Secured Note.

(e) In case any Secured Note shall become mutilated or be destroyed, lost or stolen, the Debtor, upon the written request of the holder thereof, shall execute and deliver a new Secured Note in exchange and substitution for the mutilated Secured Note, or in lieu of and in substitution for the Secured Note so destroyed, lost or stolen. The applicant for a substituted Secured Note shall furnish to the Debtor such security or indemnity as may be required by the Debtor to save it harmless from all risks, and the applicant shall also furnish to the Debtor evidence to its satisfaction of the mutilation, destruction, loss or theft of the applicant's Secured Note and of the ownership thereof. In case any Secured Note which has matured or is about to mature shall become mutilated or be destroyed, lost or stolen, the Debtor may, instead of issuing a substituted Secured Note, pay or authorize the payment of the same (without surrender thereof except in the case of a mutilated Secured Note), if the applicant for such payment shall furnish to the Debtor such security or indemnity as the Debtor may require to save it harmless, and shall furnish evidence to the satisfaction of the Debtor of the mutilation, destruction, loss or theft of such Secured Note and the ownership thereof. If any Purchaser, or its nominee, is the owner of any such lost, stolen or destroyed Secured Note, then the affidavit of the President, any Vice President, Treasurer or Assistant Treasurer, Secretary or Assistant Secretary of such Purchaser setting forth the fact of loss, theft or destruction and of its ownership of such Secured Note at the time of such loss, theft or destruction shall be accepted as satisfactory evidence thereof and no security or indemnity shall be required as a condition to execution and delivery of a new Secured Note other than the written agreement of such Purchaser to indemnify the Debtor and the Secured Party (including their attorneys' fees) for any claims or actions against them resulting from the issuance of such new Secured Note.

6.5 The New Secured Notes.

(a) Each new Secured Note issued pursuant to

Section 6.4(a), (b) or (e) in exchange for or in substitution or in lieu of an outstanding Secured Note shall be dated the date of such outstanding Secured Note. The Debtor shall mark on each new Secured Note (i) the dates to which principal and interest have been paid on such outstanding Secured Note, (ii) all payments and prepayments of principal previously made on such outstanding Secured Note which are allocable to such new Secured Note, and (iii) the amount of each installment payment payable on such new Secured Note. Each installment payment payable on such new Secured Note on any date shall bear the same proportion to the installment payment payable on such outstanding Secured Note on such date as the original principal amount of such new Secured Note bears to the original aggregate principal amount of such outstanding Secured Note. Interest shall be deemed to have been paid on such new Secured Note to the date on which interest shall have been paid on such outstanding Secured Note, and all payments and prepayments of principal marked on such new Secured Note, as provided in clause (ii) above, shall be deemed to have been made thereon.

(b) Upon the issuance of a new Secured Note pursuant to Section 6.4(a), (b) or (e), the Debtor may require the payment of a sum to reimburse it for, or to provide it with funds for, the payment of any tax or other governmental charge connected therewith which are paid or payable by the Debtor.

(c) All new Secured Notes issued pursuant to Section 6.4(a), (b) or (e) in exchange for or in substitution or in lieu of outstanding Secured Notes shall be valid obligations of the Debtor evidencing the same debt as outstanding Secured Notes and shall be entitled to the benefits and security of this Agreement to the same extent as the outstanding Secured Notes.

(d) Upon the issuance of any Secured Note pursuant to this Agreement, the Debtor shall prepare and deliver to the Secured Party an amortization schedule with respect to such Secured Note setting forth the amount of the installment payments to be made on such Secured Note after the date of issuance thereof and the unpaid principal balance of such Secured Note after each such installment payment.

Section 6.6 Cancellation of Secured Notes. All Secured Notes surrendered for the purpose of payment, redemption, transfer or exchange shall be delivered to the Debtor for cancellation or, if surrendered to the Debtor, shall be canceled by it, and no Secured Notes shall be issued in lieu thereof except as expressly required or permitted by any of the provisions of this Agreement.

Section 6.7 Registered Owner. The person in whose name any Secured Note shall be registered shall be deemed and treated as the owner thereof for all purposes of this Agreement, and the Debtor shall not be affected by any notice to the contrary. Payment of or on account of the principal of, premium, if any, and interest on such Secured Note shall be made only to or upon the order in writing of such registered owner. For the purpose of any request, direction or consent hereunder, the Debtor may deem and treat the registered owner of any Secured Note as the owner thereof without production of such Secured Note.

ARTICLE VII

Section 7.1. Limitation on Liability. It is expressly understood and agreed, except only as provided in Section 2.2 hereof, that nothing herein contained shall be construed as creating any liability on the part of the Exchange National Bank of Chicago, individually or personally, or any incorporator or any past, present or future subscriber to the capital stock of, or stockholder, officer or director of the Exchange National Bank of Chicago, to perform any covenant either express or implied contained herein or for the payment of any Secured Note, all such liability, being expressly waived by the Secured Party and by any person claiming by, through or under the Secured Party, and, the Secured Party and any person claiming by, through or under the Secured Party shall look solely to the Collateral for the performance of any obligation hereunder and for the payment of interest, principal or premium, if any, in respect of the Secured Notes.

ARTICLE VIII

Miscellaneous

Section 8.1 Successors and Assigns. Whenever any of the parties hereto is referred to such reference

shall be deemed to include the successors and assigns of such party; and all the covenants, premises and agreements in this Agreement contained by or on behalf of the Debtor or by or on behalf of the Secured Party, shall bind and inure to the benefit of the respective successors and assigns of such parties whether so expressed or not.

Section 8.2 Partial Invalidity. The unenforceability or invalidity of any provision or provisions of this Agreement shall not render any other provision or provisions herein contained unenforceable or invalid.

Section 8.3 Notices. All notices provided for herein shall be in writing and shall be deemed to have been given (unless otherwise required by the specific provisions hereof in respect of any matter) when delivered personally or when deposited in the United States mail, registered, postage prepaid, addressed as follows:

If to the Debtor at: LaSalle and Adams Streets
Chicago, Illinois 60690

Attention of Corporate
Trust Officer

If to the Secured Party at: 1500 Chestnut Street
Philadelphia, Pennsylvania
19101

Attention of Corporate
Trust Department

or to the Debtor or the Secured Party at such other address as the Debtor or the Secured Party may designate by notice duly given in accordance with this Section to the other party.

Section 8.4 Release. The Secured Party shall release this Agreement and the security interest granted hereby by proper instrument or instruments upon presentation of satisfactory evidence that all indebtedness secured hereby has been fully paid or discharged.

Section 8.5 Governing Law. This Agreement and the Secured Notes shall be construed in accordance with and governed by the laws of the State of Illinois; provided, however, that the Secured Party shall be entitled to all the rights conferred by any applicable Federal statute, rule or regulation.

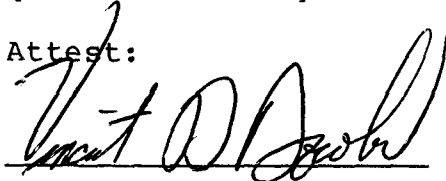
Section 8.6 Counterparts. This Agreement may be executed, acknowledged and delivered in any number of counterparts, each of such counterparts constituting an original but all together only one Agreement.

Section 8.7 Headings. Any headings or captions preceding the text of the several articles and sections hereof and the Table of Contents herein included are intended solely for convenience of reference and shall not constitute a part of this Agreement nor shall they affect its meaning, construction or effect.

IN WITNESS WHEREOF, the parties hereto have executed or caused this Agreement to be executed as of the day and year first above written.

[CORPORATE SEAL]

Attest:



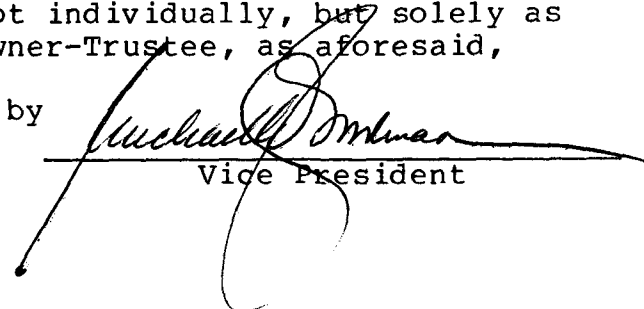
ASSISTANT VICE PRESIDENT

[CORPORATE SEAL]

Attest:

EXCHANGE NATIONAL BANK OF CHICAGO,
not individually, but solely as
Owner-Trustee, as aforesaid,

by



Vice President

FIRST PENNSYLVANIA BANK, N.A.,
as Agent,

by

Vice President

STATE OF ILLINOIS,)
) ss.:
COUNTY OF COOK,)

On this 13 day of NOVEMBER 1978, before me personally appeared MICHAEL D. GOODMAN, to me personally known, who being by me duly sworn, says that he is a Vice President of EXCHANGE NATIONAL BANK OF CHICAGO, that one of the seals affixed to the foregoing instrument is the corporate seal of said national association, that said instrument was signed and sealed on behalf of said national association by authority of its Board of Directors; and he acknowledged that the execution of the foregoing instrument was the free act and deed of said national association.


Notary Public

[Notarial Seal]

My Commission expires

7/28/79

COMMONWEALTH OF PENNSYLVANIA,)
) ss.:
COUNTY OF PHILADELPHIA,)

On this day of 1978, before me personally appeared , to me personally known, who being by me duly sworn, says that he is a Vice President of FIRST PENNSYLVANIA BANK N.A., that one of the seals affixed to the foregoing instrument is the corporate seal of said national association, that said instrument was signed and sealed on behalf of said national association by authority of its Board of Directors; and he acknowledged that the execution of the foregoing instrument was the free act and deed of said national association.

Notary Public

[Notarial Seal]

My Commission expires

SCHEDULE I

Amortization Schedule of each \$696,366.47 Principal Amount of Secured Notes

<u>Regular Installment Number</u>	<u>Interest Payment</u>	<u>Principal Payment</u>	<u>Principal Balance After Payment</u>
0	\$ -	\$ -	\$ 696,366.47
1	32,032.86	6,564.14	689,802.34
2	31,730.91	6,866.09	682,936.25
3	31,415.07	7,181.93	675,754.32
4	31,084.70	7,512.30	668,242.01
5	30,739.13	7,857.87	660,384.15
6	30,377.67	8,219.33	652,164.82
7	29,999.58	8,597.42	643,567.40
8	29,604.10	8,992.90	634,574.50
9	29,190.43	9,406.57	625,167.93
10	28,757.72	9,839.28	615,328.65
11	28,305.12	10,291.88	605,036.77
12	27,831.69	10,765.31	594,271.46
13	27,336.49	11,260.51	583,010.95
14	26,818.50	11,778.50	571,232.45
15	26,276.69	12,320.31	558,912.14
16	25,709.96	12,887.04	546,025.10
17	25,117.15	13,479.85	532,545.26
18	24,497.08	14,099.92	518,445.34
19	23,848.49	14,748.51	503,696.82
20	23,170.05	15,426.95	488,269.88
21	22,460.41	23,995.88	464,273.99
22	21,356.60	18,613.46	445,660.53
23	20,500.38	17,296.41	428,364.13
24	19,704.75	16,035.64	412,328.48
25	18,967.11	15,496.59	396,831.89
26	18,254.27	14,956.05	381,875.84
27	17,566.29	15,145.42	366,730.42
28	16,869.60	15,355.51	351,374.91
29	16,163.25	15,571.74	335,803.17
30	15,446.95	15,791.80	320,011.37
31	14,720.52	16,079.79	303,931.58
32	13,980.85	16,375.19	287,556.39
33	13,227.59	16,739.75	270,816.64
34	12,457.57	28,287.43	242,529.22
35	11,156.34	36,016.66	206,512.56
36	9,499.58	37,673.42	168,839.14

<u>Regular Installment Number</u>	<u>Interest Payment</u>	<u>Principal Payment</u>	<u>Principal Balance After Payment</u>
37	\$ 7,766.60	\$ 39,406.40	\$ 129,432.74
38	5,953.91	41,219.09	88,213.64
39	4,057.83	43,115.17	45,098.47
40	2,074.53	45,098.47	-0-

SCHEDULE II

Description of Equipment

<u>Description</u>	<u>Number of Units</u>	<u>Identifying Mark and Numbers (Both Inclusive)</u>
100-ton roller bearing CF 5250 hopper cars, equipped with 20" hatches and pneumatic outlets, built generally to specification No. SCL-CF-SS2	100	DAX 2101-2200

SCHEDULE III

[Form of Secured Note]

No.

\$

DIAMOND SHAMROCK CORPORATION LEASE FINANCING

PROMISSORY NOTE

Issued Pursuant to Participation Agreement
Dated as of July 15, 1978

Secured Under Security Agreement
Dated as of July 15, 1978

EXCHANGE NATIONAL BANK OF CHICAGO, a national banking association (the "Debtor"), not in its individual capacity but solely as Owner-Trustee under a Trust Agreement dated as of July 15, 1978, with Security Pacific Equipment Leasing, Inc., for value received, hereby promises to pay to

, or registered assigns, but only from the funds designated below, in such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of public and private debts, the principal sum of

(\$) and to pay interest (computed on the basis of a 360-day year of twelve 30-day months) on the unpaid balance thereof at the rate of 9.20% per annum, on January 1 and July 1 of each year, from the date of this Note, until paid. Interest only shall be payable on January 1, 1979. Principal and interest shall be payable in semiannual installments on January 1 and July 1 in each year commencing July 1, 1979, and ending January 1, 1999, and the last such payment shall be in an amount sufficient to discharge all unpaid principal of and premium, if any, and accrued interest on this Note in full. The amount of each installment shall be as set forth on the Amortization Schedule attached as Schedule I to the Security Agreement dated as of July 15, 1978, between the Debtor and First Pennsylvania Bank N.A. (the "Secured Party") (herein called the Security Agreement),

subject to adjustment as provided therein.

To the extent permitted by applicable law, this Note shall bear interest, payable only from the funds designated below, at the rate of 10.20% per annum, on any part of the principal hereof or premium, if any, or interest hereon not paid when due for any period when the same shall be overdue.

This Note is one of the 9.20% Secured Notes of the Debtor not exceeding \$3,111,762 in aggregate principal amount issued under and pursuant to the Participation Agreement dated as of July 15, 1978, among the Debtor, Diamond Shamrock Corporation (the "Lessee"), the Secured Party and the Purchasers named in Schedule A thereto and also issued under and equally and ratably with said other Notes secured by the Security Agreement. Reference is made to the Security Agreement and all supplements and amendments thereto executed pursuant to the Security Agreement for a description of the collateral, the nature and extent of the security and rights of the Secured Party, the holder or holders of the Notes and of the Debtor in respect thereof.

Except for the regular amortization payments required to be made pursuant to the first paragraph of this Note, this Note may not be prepaid other than upon the occurrence of an Event of Default (as defined in the Security Agreement) and except for prepayments from the amounts received as Casualty Value as provided in Section 4.1(b) of the Security Agreement or as Termination Value as provided in Section 4.1(d) of the Security Agreement.

Payments of principal, premium, if any, and interest to be made by the Debtor on the Secured Notes secured by the Security Agreement of which this Note is one shall be made only from the Collateral (as defined in the Security Agreement) and as more specifically set forth in Article VII of the Security Agreement, and the registered owner or other holder hereof, by its acceptance of this Note, agrees that it will look solely to such Collateral for any amounts payable hereunder or under the Security Agreement, and the Debtor shall not be personally liable to the Secured Party or any registered owner or other holder hereof for any amounts payable hereunder or under the Security Agreement.

The terms and provisions of the Security Agreement and the rights and obligations of the Secured Party and the

rights of the holders of the Notes may be changed and modified to the extent permitted by and as provided in the Security Agreement.

This Note is a registered Note and is transferable only by surrender thereof at the principal office of the Debtor, duly endorsed or accompanied by a written instrument of transfer, duly executed by the registered holder of this Note or his attorney duly authorized in writing.

This Note and the Security Agreement are governed by and construed in accordance with the laws of the State of Illinois.

IN WITNESS WHEREOF, the Debtor has caused this Note to be duly executed.

Dated:

EXCHANGE NATIONAL BANK OF CHICAGO,
as Owner-Trustee,

by

Authorized Officer

THIS NOTE HAS NOT BEEN REGISTERED PURSUANT TO THE SECURITIES ACT OF 1933 OR UNDER THE SECURITIES LAWS OF ANY STATE. THIS NOTE MAY NOT BE OFFERED OR SOLD UNLESS IT IS REGISTERED UNDER THE APPLICABLE SECURITIES LAWS OR UNLESS AN EXEMPTION FROM SUCH REGISTRATION IS AVAILABLE.

CONSENT AND AGREEMENT

The undersigned, DIAMOND SHAMROCK CORPORATION, a Delaware corporation (hereinafter called the Lessee), the Lessee named in the Lease (hereinafter called the Lease) referred to in the foregoing Security Agreement (hereinafter called the Security Agreement), hereby (a) acknowledges receipt of a copy of the Security Agreement and (b) consents to all the terms and conditions of the Security Agreement insofar as they specifically relate to the Lease and agrees that:

(1) it will pay all rentals, casualty payments, liquidated damages, indemnities and other moneys provided for in the Lease (which moneys are hereinafter called the Payments) due and to become due under the Lease or otherwise in respect of the Units leased thereunder (except those specifically excepted from the assignment contained in the Security Agreement), directly to First Pennsylvania Bank N.A., as Agent (hereinafter called the Secured Party), the secured party named in the Security Agreement, at 1500 Chestnut Street, Philadelphia, Pennsylvania 19101, attention of Corporate Trust Department (or at such other address as may be furnished in writing to the Lessee by the Secured Party);

(2) the Secured Party shall be entitled to the benefits of, and to receive and enforce performance of, all the covenants to be performed by the Lessee under the Lease as though the Secured Party were named therein as the Lessor;

(3) the Secured Party shall not, by virtue of the Security Agreement or this Consent and Agreement, be or become subject to any liability or obligation under the Lease or otherwise; and

(4) except in accordance with the express terms of the Lease, the Lease shall not, without the prior written consent of the Secured Party, be terminated or modified.

This Consent and Agreement, when accepted by the Secured Party by signing the acceptance at the foot hereof, shall be deemed to be a contract under the laws of the

State of Ohio and, for all purposes, shall be construed in accordance with the laws of said State.

DIAMOND SHAMROCK CORPORATION,

by _____

[Corporate Seal]

Attest:

Assistant Secretary

The foregoing Consent and Agreement is hereby accepted, as of the 15th day of July 1978.

FIRST PENNSYLVANIA BANK N.A.,
as Agent,

by _____

Vice President

SECURITY AGREEMENT

Dated as of July 15, 1978

BETWEEN

EXCHANGE NATIONAL BANK OF CHICAGO,
not in its individual capacity but solely as Owner-
Trustee under a Trust Agreement dated as of July 15,
1978, with Security Pacific Equipment Leasing, Inc.,

Debtor,

AND

FIRST PENNSYLVANIA BANK N.A., as Agent,

Secured Party.

EXHIBIT C TO THE
PARTICIPATION
AGREEMENT

SECURITY AGREEMENT

Dated as of July 15, 1978

BETWEEN

EXCHANGE NATIONAL BANK OF CHICAGO,
not in its individual capacity but solely as Owner-
Trustee under a Trust Agreement dated as of July 15,
1978, with Security Pacific Equipment Leasing, Inc.,

Debtor,

AND

FIRST PENNSYLVANIA BANK N.A., as Agent,

Secured Party.

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SECURITY AGREEMENT dated as of July 15, 1978, between EXCHANGE NATIONAL BANK OF CHICAGO, a national banking association, not in its individual capacity but solely as Owner-Trustee under a Trust Agreement dated as of July 15, 1978, with Security Pacific Equipment Leasing, Inc. (hereinafter called the Debtor), and FIRST PENNSYLVANIA BANK N.A., as Agent under the Participation Agreement referred to below (hereinafter called the Secured Party).

WHEREAS the Debtor and the Secured Party have entered into a Participation Agreement dated as of the date hereof (hereinafter called the Participation Agreement) with Diamond Shamrock Corporation, a Delaware corporation (hereinafter called the Lessee), and the Purchasers named in Schedule A thereto (hereinafter called the Purchasers) providing, among other things, for the commitment of the Purchasers to purchase not later than December 31, 1978, the 9.20% Secured Notes (hereinafter called the Secured Notes) of the Debtor not exceeding the maximum aggregate principal amount of \$3,111,762. The Secured Notes are to be dated the date of issue and to bear interest at the rate of 9.20% per annum prior to maturity, and to mature in 40 semiannual installments, including both principal and interest, payable in accordance with the amortization schedule set forth in Schedule I hereto with interest only payable on January 1, 1979, and the first regular installment of principal and interest to be paid July 1, 1979, and with the final installment payable not later than January 1, 1999, and to be otherwise substantially in the form attached hereto as Schedule III;

WHEREAS the Secured Notes and all principal thereof and interest (and premium, if any) thereon and all additional amounts and other sums at any time due and owing from or required to be paid by the Debtor under the terms of the Secured Notes, this Agreement or the Participation Agreement are hereinafter sometimes referred to as "indebtedness hereby secured";

WHEREAS the Debtor, the Lessee, ACF Industries Incorporated and Tank Lining Corp. (such last two named corporations being hereinafter called the Manufacturers) are

parties to a Purchase Order Assignment dated as of the date hereof (hereinafter called the Purchase Order Assignment); and

WHEREAS the Debtor and the Lessee are parties to a Lease of Railroad Equipment dated as of the date hereof (hereinafter called the Lease).

NOW, THEREFORE, in consideration of the agreements and the covenants hereinafter contained, and other good and valuable consideration the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

ARTICLE I

Security Interest Granted

Section 1.1. Granting Clauses. The Debtor in order to secure the payment of the principal of and interest on the Secured Notes according to their tenor and effect, and to secure the payment of all other indebtedness hereby secured and the performance and observance of all covenants and conditions in the Secured Notes, in this Agreement and in the Participation Agreement contained, does hereby convey, warrant, mortgage, pledge, assign and grant unto the Secured Party, its successors and assigns, a security interest in, all and singular of the Debtor's right, title and interest in and to the properties, rights, interests and privileges described in clauses (a), (b) and (c) of this Section 1.1 subject always to the exceptions, reservations and limitations contained in Sections 1.2 and 1.4 hereof (all of which properties hereby mortgaged, assigned and pledged or intended so to be are hereinafter collectively referred to as the "Collateral"), to wit:

(a) the railroad equipment described in Schedule II attached hereto and made a part hereof (collectively the Equipment and individually a Unit of Equipment) constituting Equipment leased and delivered under the Lease, together with all accessories, equipment, parts and appurtenances appertaining or attached to any of the Equipment, whether now owned or hereafter acquired,

except such thereof as remain the property of the Lessee under the Lease, and all substitutions, renewals or replacements of and additions, improvements, accessions and accumulations to any and all of said Equipment, except such thereof as remain the property of the Debtor under the Lease, together with all the rents, issues, income, profits and avails therefrom;

(b) all right, title, interest, claims and demands of the Debtor in, to and under the Lease, including all extensions of the term of the Lease, together with all rights, powers, privileges, options and other benefits of the Debtor under the Lease, including, without limitation, but subject always to the exceptions, reservations and limitations contained in Sections 1.2 and 1.4 hereof:

(i) the immediate and continuing right to receive and collect all rental payments, payments of Casualty Value (as defined in the Lease), insurance proceeds, condemnation awards and other payments, tenders and security now or hereafter payable or receivable by the Debtor under the Lease or pursuant thereto;

(ii) the right to make all waivers and agreements (provided that prior to the occurrence of an Event of Default hereunder, any such waiver or agreement shall be made only with the approval of the Debtor) and to give and receive duplicate copies of all notices and other instruments or communications; and

(iii) the right to take such action upon the occurrence of an Event of Default under the Lease or an event which with the lapse of time or giving of notice, or both, would constitute an Event of Default under the Lease, including the commencement, conduct and consummation of legal, administrative or other proceedings, as shall be permitted by the Lease or by law, and to do any and all other things whatsoever which the Debtor or any Lessor is or may be entitled to do under the Lease;

it being the intent and purpose hereof that subject

always to the exceptions, reservations and limitations contained in Sections 1.2 and 1.4 hereof, the assignment and transfer to the Secured Party of said rights, powers, privileges, options and other benefits shall be effective and operative immediately and shall continue in full force and effect, and the Secured Party shall have the right to collect and receive said rental, Casualty Value payments, insurance proceeds, condemnation awards and other payments for application in accordance with the provisions of Article IV hereof at all times during the period from and after the date of this Agreement until the indebtedness hereby secured has been fully paid and discharged; and

(c) all right, title, interest, claims and demands of the Debtor in, to and under the Purchase Order Assignment, and any and all other contracts and agreements relating to the Equipment or any rights or interests therein (other than the Participation Agreement or any indemnities payable thereunder) to which the Debtor is now or hereafter may be a party, together with all rights, powers, privileges, options and other benefits of the Debtor under the Purchase Order Assignment and each and every other such contract and agreement, it being the intent and purpose hereof that subject always to the exceptions, reservations and limitations contained in Sections 1.2 and 1.4 hereof, the assignment and transfer to the Secured Party of said rights, powers, privileges, options and other benefits shall be effective and operative immediately and shall continue in full force and effect until the indebtedness hereby secured has been fully paid and discharged.

Section 1.2. Limitations to Security Interest.
The security interest granted by Section 1.1 hereof is subject to (a) the right, title and interest of the Lessee under the Lease, (b) any lien for current taxes and assessments not in default (but only if such taxes are entitled to priority as a matter of law), or, if delinquent, the validity of which is being contested in good faith and by appropriate legal or administrative proceedings and the nonpayment thereof does not, in the reasonable opinion of the Secured Party, affect the properties, rights, interests and privileges of the Secured Party in or to the Equipment or otherwise under this Agreement and (c) liens and charges permitted by Section 12 of the Lease.

Section 1.3. Duration of Security Interest. The Secured Party, its successors and assigns shall have and hold the Collateral forever; provided, always, however, that such security interest is granted upon the express condition that if the Debtor shall pay or cause to be paid all the indebtedness hereby secured and shall observe, keep and perform all the terms and conditions, covenants and agreements herein, in the Participation Agreement and in the Secured Notes contained, then these presents and the estate hereby granted and conveyed shall cease and this Agreement shall become null and void; otherwise to remain in full force and effect.

Section 1.4. Excepted Rights in Collateral. There are expressly excepted and reserved from the security interest and operation of this Agreement the following described properties, rights, interests and privileges (hereinafter sometimes referred to as the Excepted Rights in Collateral) and nothing herein or in any other agreement contained shall constitute an assignment of the Excepted Rights in Collateral to the Secured Party:

(a) all payments of any indemnity under Sections 6 and 9 of the Lease which by the terms of the Lease are payable directly to the indemnified party for its own account;

(b) all rights of any indemnified party under the Lease to demand, collect, sue for or otherwise obtain all amounts from the Lessee due the Debtor on account of any such indemnities or payments due pursuant to said Sections 6 and 9 of the Lease; provided, however, that the rights excepted and reserved by this clause (b) shall not be deemed to include the exercise of any remedies provided for in Section 10 of the Lease except those contained in subsection (a) thereof;

(c) any insurance proceeds payable under general public liability policies maintained by the Lessee pursuant to Section 7 of the Lease which by the terms of such policies or the terms of the Lease are payable directly to the Debtor for its own account; and

(d) all rights of the Debtor to purchase the Equipment under the Purchase Order Assignment.

ARTICLE II

Covenants and Warranties of the Debtor

Section 2.1. Debtor's Duties. The Debtor covenants and agrees well and truly to perform, abide by and to be governed and restricted by each and all the terms, provisions, restrictions, covenants and agreements set forth in the Participation Agreement, and in each and every supplement thereto or amendment thereof which may at any time or from time to time be executed and delivered by the parties thereto or their successors and assigns, to the same extent as though each and all of said terms, provisions, restrictions, covenants and agreements were fully set out herein and as though any amendment or supplement to the Participation Agreement were fully set out in an amendment or supplement to this Agreement. The Debtor undertakes to perform only such duties as are expressly and specifically set forth herein, in the Participation Agreement, in the Purchase Order Assignment and in the Lease (such four agreements being hereinafter sometimes collectively called the Fundamental Agreements), and no implied covenants or obligations are to be construed as part of this Agreement or any other Fundamental Agreements against the Debtor.

Section 2.2. Warranty of Title. The Debtor represents and warrants that it has the right, power and authority to grant a security interest in the Collateral to the Secured Party for the uses and purposes herein set forth; and the Debtor will warrant and defend the title to the Collateral against all claims and demands of persons claiming by, through or under the Debtor (excepting only the right, title and interest of the Lessee under the Lease and of persons claiming by, through or under the Lessee). The Debtor also agrees that it will at its own cost and expense promptly take such action as may be necessary to duly discharge any liens and encumbrances on the Collateral which result from claims against the Debtor not related to this Agreement, the other Fundamental Agreements or the transactions contemplated herein or therein.

Section 2.3. Further Assurances. The Debtor agrees that it will, without any expense to the Secured Party, do, execute, acknowledge and deliver all and every further acts, deeds, conveyances, transfers and assurances necessary or proper for the perfection of the security interest being herein provided for in the Collateral, whether now owned or hereafter acquired.

Without limiting the foregoing but in furtherance of the security interest herein granted in the rents and other sums due and to become due under the Lease, the Debtor covenants and agrees that it will notify the Lessee of such assignment pursuant to Section 12 of the Lease and direct the Lessee to make all payments of such rents and other sums due and to become due under the Lease, other than the Excepted Rights in Collateral, directly to the Secured Party or as the Secured Party may direct.

Section 2.4. After-acquired Property. Any and all property described or referred to in the granting clauses hereof which is hereafter acquired shall ipso facto, and without any further conveyance, assignment or act on the part of the Debtor or the Secured Party, become and be subject to the security interest herein granted as fully and completely as though specifically described herein, but nothing in this Section 2.4 contained shall be deemed to modify or change the obligation of the Debtor under Section 2.3 hereof.

Section 2.5. Recordation and Filing. The Debtor will cause this Agreement and any supplements hereto, the Lease and any supplements thereto, and all financing and continuation statements and similar notices required by applicable law, at all times to be kept, recorded and filed at no expense to the Secured Party in such manner and in such places as may be required by law in order fully to preserve and protect the rights of the Secured Party hereunder, and will at its own expense furnish to the Secured Party promptly after the execution and delivery of this Agreement and of any supplement hereto an opinion of counsel stating that in the opinion of such counsel this Agreement or such supplement, as the case may be, has been properly recorded or filed for record so as to make effective of record the security interest intended to be created hereby.

Section 2.6. Modification of the Lease. The Debtor agrees that it will not:

(a) declare a default or exercise the remedies of the Lessor under, or terminate or modify or accept a surrender of, or offer or agree to, any termination or modification or surrender of, the Lease or by affirmative act consent to the creation or existence of any security interest or other lien to secure the payment

of indebtedness upon the leasehold estate created by the Lease or any part thereof; or

(b) receive or collect or permit the receipt or collection of any payment under the Lease prior to the date for payment thereof provided for by the Lease or assign, transfer or hypothecate (other than to the Secured Party hereunder) any rent payment then due or to accrue in the future under the Lease in respect of the Equipment; or

(c) sell, mortgage, transfer, assign or hypothecate (other than to the Secured Party hereunder) its interest in the Equipment or any part thereof or in any amount to be received by it from the use or disposition of the Equipment (except for any sale, mortgage, transfer, assignment or hypothecation which is expressly subject to this Agreement).

Section 2.7 Power of Attorney in Respect of the Lease. The Debtor does hereby irrevocably constitute and appoint the Secured Party its true and lawful attorney with full power of substitution for it and in its name, place and stead, to ask, demand, collect, receive, receipt for, sue for, compound and give acquittance for any and all rents, income and other sums which are assigned under clauses (a), (b) and (c) of Section 1.1 hereof with full power to settle, adjust or compromise any claim thereunder as fully as the Debtor could itself do, and to endorse the name of the Debtor on all commercial paper given in payment or in part payment thereof, and in its discretion to file any claim or take any other action or proceedings, either in its own name or in the name of the Debtor or otherwise, which the Secured Party may deem necessary or appropriate to protect and preserve the right, title and interest of the Secured Party in and to such rents and other sums and the security intended to be afforded hereby.

ARTICLE III

Possession, Use and Release of Property

Section 3.1 Possession of Collateral. While the Debtor is not in default hereunder it shall be suffered and

permitted to remain in full possession, enjoyment and control of the Equipment and to manage, operate and use the same and each part thereof with the rights and franchises appertaining thereto; provided, always that the possession, enjoyment, control and use of the Equipment shall at all times be subject to the observance and performance of the terms of this Agreement. It is expressly understood that the use and possession of the Equipment by the Lessee under and subject to the Lease shall not constitute a violation of this Section 3.1.

Section 3.2 Release of Property. So long as no default referred to in Section 10 of the Lease has occurred and is continuing to the knowledge of the Secured Party, the Secured Party shall execute a release in respect of any Unit of Equipment designated by the Lessee for settlement or termination pursuant to Section 7 or 13 of the Lease or the first paragraph of Article 2 of the Purchase Order Assignment upon receipt from the Lessee of written notice designating the Unit of Equipment in respect of which the Lease will terminate or which will be purchased by the Lessee pursuant to the first paragraph of Article 2 of the Purchase Order Assignment, as the case may be, and the receipt from the Lessee of payment for the Casualty Value or Termination Value for such Unit of Equipment in compliance with Section 7 or 13 of the Lease or of the purchase price of such Unit of Equipment pursuant to the first paragraph of Article 2 of the Purchase Order Assignment, as the case may be.

Section 3.3 Protection of Purchaser. No purchaser in good faith of property purporting to be released hereunder shall be bound to ascertain the authority of the Secured Party to execute the release, or to inquire as to any facts required by the provisions hereof for the exercise of such authority; nor shall any purchaser, in good faith, of any item or unit of the Collateral be under obligation to ascertain or inquire into the conditions upon which any such sale is hereby authorized.

ARTICLE IV

Application of Assigned Rentals and Certain Other Moneys Received by the Secured Party

Section 4.1 Application of Rents. So long as no default or Event of Default (as defined in Section 5.1 hereof) has occurred and is continuing:

(a) the amounts from time to time received by the Secured Party which constitute payment of the install-

ments of rent under the Lease shall be applied first, to the payment of the installments of principal and interest (and in each case first to interest and then to principal) on the installments of the Secured Notes which have matured or will mature on or before the due date of the installments of rent which are received by the Secured Party, and second, the balance, if any, of such amounts shall be paid to or upon the order of the Debtor not later than the first business day following the receipt thereof;

(b) the amounts from time to time received by the Secured Party which constitute payment by the Lessee of the Casualty Value for any Unit of Equipment pursuant to Section 7 of the Lease or the purchase price of any Unit of Equipment pursuant to the first paragraph of Article 2 of the Purchase Order Assignment shall be paid and applied as follows: first, an amount equal to the Loan Value (as hereinafter defined) of such Unit of Equipment for which settlement is then being made shall be applied to the prepayment of the Secured Notes so that each of the remaining installments of each Secured Note shall be reduced in the proportion that the principal amount of the prepayment bears to the unpaid principal amount of all the outstanding Secured Notes immediately prior to the prepayment and, in the case of amounts representing the purchase price of any Unit of Equipment pursuant to the first paragraph of Article 2 of the Purchase Order Assignment, accrued interest on the amount of each Secured Note then being prepaid; and second, the balance, if any, of such amounts held by the Secured Party after making the applications provided for by clause first of this Section 4.1(b) shall be released to or upon the order of the Debtor on the date of payment of the Secured Notes; for purposes of this Section 4.1, the Loan Value, in respect of any Unit of Equipment, shall be an amount equal to the product of (A) a fraction, the numerator of which is an amount equal to the Purchase Price (as defined in the Participation Agreement) of such Unit of Equipment for which settlement is then being made and the denominator of which is the aggregate Purchase Price of all Units of Equipment then subject to the Lease (including the Purchase Price of such Unit of Equipment for which settlement is then being made), times (B) the unpaid principal amount of the Secured Notes immediately prior to the prepayment provided for in this Section 4.1(b) or in Section 4.1(d) hereof in the case of prepayments being made pursuant to such Section (after giving effect to all

payments of installments of principal made or to be made on the date of prepayment provided for in this Section 4.1(b) or in Section 4.1(d) hereof, as the case may be);

(c) the amounts received by the Secured Party from time to time which constitute proceeds of casualty insurance maintained by the Lessee in respect of the Equipment, shall be held by the Secured Party as a part of the Collateral and shall be applied by the Secured Party from time to time to any one or more of the following purposes:

(i) so long as no Event of Default has occurred and is continuing to the knowledge of the Secured Party, the proceeds of such insurance shall, if the Equipment is to be repaired, be released to the Debtor to reimburse the Lessee for expenditures made for such repair upon receipt by the Secured Party of proof satisfactory to the Secured Party that any damage to the Equipment in respect of which such proceeds were paid has been fully repaired as required by the last paragraph of Section 7 of the Lease; or

(ii) so long as no Event of Default has occurred and is continuing to the knowledge of the Secured Party, the proceeds of such insurance shall, if the Lessee shall have paid the Casualty Value in respect of the Units in respect of which the proceeds were received, be paid to the Lessee for the account of the Debtor to the extent of the amount of such Casualty Value and the balance thereof shall be paid to the Debtor, for its own account; and

(d) in the event that the Lease shall be terminated as to any Unit of Equipment pursuant to Section 13(c) thereof, the aggregate of the amount received from the purchaser of such terminated Unit of Equipment and the amount, if any, received from the Lessee pursuant to such Section 13(c) shall be applied as follows: first, an amount equal to the Loan Value of the terminated Units shall be applied to the prepayment of the Secured Notes so that each of the remaining installments of each Secured Note shall be reduced in the proportion that the principal amount of the prepayment bears to the unpaid principal amount of all the outstanding Secured Notes immediately prior to the prepayment, second, a premium in respect of the prepaid portion of each Secured Note shall be paid as follows:

<u>if the prepayment takes place in</u>	<u>the premium shall be this percentage of the amount prepaid</u>
1989	4.60
1990	4.14
1991	3.68
1992	3.22
1993	2.76
1994	2.30
1995	1.84
1996	1.38
1997	.92
1998	.46

and, third, the balance shall be paid to the Debtor for its own account.

Section 4.2 Multiple Secured Notes. If more than one Secured Note is outstanding at the time any such application is made, such application shall be made on all outstanding Secured Notes ratably in accordance with the aggregate principal amount remaining unpaid thereon.

Section 4.3 Default. If an Event of Default has occurred and is continuing, all amounts received by the Secured Party pursuant to Section 4.1 hereof shall be applied in the manner provided for in Article V hereof in respect of proceeds and avails of the Collateral.

ARTICLE V

Defaults and Remedies

Section 5.1 Events of Default. The term Event of Default shall mean one or more of the following:

(a) default in payment of an installment of the principal of, or interest on, any Secured Note when and as the same shall become due and payable, whether at the due date thereof or at the date fixed for prepayment or by acceleration or otherwise, and any such default shall continue unremedied for 5 business days; or

(b) an Event of Default, as defined and set forth in Section 10 of the Lease; or

(c) default on the part of the Debtor in the due observance or performance of any covenant or agreement to be observed or performed by the Debtor under this Agreement or the Participation Agreement, and such default shall continue unremedied for 30 days after written notice from the Secured Party to the Debtor specifying the default and demanding the same to be remedied; or

(d) any representation or warranty on the part of the Debtor made herein or in the Participation Agreement or in any report, certificate, financial or other statement furnished in connection with this Agreement, the Lease or the Participation Agreement, or the transactions contemplated herein or therein shall prove to be false or misleading in any material respect when made; or

(e) any claim, lien or charge (other than those permitted under Section 1.2 hereof and liens, charges and encumbrances which the Lessee is obligated to discharge under Section 6 or 12 of the Lease) shall be asserted against or levied or imposed upon the Collateral, and such claim, lien or charge shall not be discharged or removed within 30 calendar days after written notice from the Secured Party or the holder of any Secured Note to the Debtor and the Lessee demanding the discharge or removal thereof.

The Debtor shall give the Secured Party prompt written notice by registered mail, return receipt requested, of any Default of which it has knowledge, but failure to give such notice shall not affect the enforcement of any remedy pursuant to Section 5.2 hereof.

Section 5.2 Remedies upon Default. The Debtor agrees that when any Event of Default has occurred and is continuing the Secured Party shall have the rights, options, duties and remedies of a secured party, and the Debtor shall have the rights and duties of a debtor, under the Uniform Commercial Code of Illinois (regardless of whether such Code or a law similar thereto has been enacted in a jurisdiction wherein the rights or remedies are asserted), and that the Secured Party may:

(a) by notice in writing to the Debtor declare the entire unpaid balance of the Secured Notes to be immediately due and payable; and thereupon all such unpaid balance, together with all accrued interest thereon, shall be and become immediately due and payable;

(b) subject always to the then existing rights, if any, of the Lessee under the Lease, personally or by agents or attorneys (subject to compliance with any applicable mandatory legal requirements) take immediate possession of the Collateral, or any portion thereof, and for that purpose may pursue the same wherever it may be found, and may enter any of the premises of the Debtor, with or without notice, demand, process of law or legal procedure, if this can be done without breach of the peace, and search for, take possession of, remove, keep and store the Collateral, or use and operate or lease the Collateral until sold;

(c) subject always to the then existing rights, if any, of the Lessee under the Lease, if at the time such action may be lawful (subject to compliance with any mandatory legal requirements) either with or without taking possession and either before or after taking possession, and without instituting any legal proceedings whatsoever, and having first given notice of such sale by registered mail to the Debtor once at least 10 days prior to the date of such sale, and any other notice which may be required by law, sell and dispose of said Collateral, or any part thereof, at public auction to the highest bidder, in one lot as an entirety or in separate lots, and either for cash or on credit and on such terms as the Secured Party may determine, and at any place (whether or not it be the location of the Collateral or any part thereof) designated in the notice above referred to; provided, however, that any such sale should be held in a commercially reasonable manner; any such sale or sales may be adjourned from time to time by announcement at the time and place appointed for such sale or sales, or for any such adjourned sale or sales, without further published notice, and the Secured Party or the holder or holders of the Secured Notes, or of any interest therein, may bid and become the purchaser at any such sale;

(d) subject always to the rights of the Lessee under the Lease, proceed to protect and enforce this Agreement and the Secured Notes by suit or suits or proceedings in equity, at law or in bankruptcy, and whether for the specific performance of any covenant or agreement herein contained or in execution or aid of any power herein granted; or for foreclosure hereunder, or for the appointment of a receiver or receivers

for the Collateral or any part thereof for the recovery of judgment for the indebtedness hereby secured or for the enforcement of any other proper, legal or equitable remedy available under applicable law; and

(e) subject always to the then existing rights, if any, of the Lessee under the Lease, proceed to exercise all rights, privileges and remedies of the Debtor under the Lease, and exercise all such rights and remedies either in the name of the Secured Party or in the name of the Debtor for the use and benefit of the Secured Party.

Section 5.3 Acceleration. In case of any sale of the Collateral, or of any part thereof, pursuant to any judgment or decree of any court or otherwise in connection with the enforcement of any of the terms of this Agreement, the principal of the Secured Notes, if not previously due, and the interest accrued thereon, shall at once become and be immediately due and payable; also in the case of any such sale, the purchaser or purchasers, for the purpose of making settlement for or payment of the purchase price, shall be entitled to turn in and use the Secured Notes and any claims for interest matured and unpaid thereon, in order that there may be credited as paid on the purchase price the sum apportionable and applicable to the Secured Notes including principal and interest thereof out of the net proceeds of such sale after allowing for the proportion of the total purchase price required to be paid in actual cash, if any.

Section 5.4 Waiver by Debtor. To the extent permitted by law, the Debtor covenants that it will not at any time insist upon or plead, or in any manner whatever claim or take any benefit or advantage of, any stay or extension law now or at any time hereafter in force, nor claim, take, nor insist upon any benefit or advantage of or from any law now or hereafter in force providing for the valuation or appraisal of the Collateral or any part thereof, prior to any sale or sales thereof to be made pursuant to any provision herein contained, or to the decree, judgment or order of any court of competent jurisdiction; nor, after such sale or sales, claim or exercise any right under any statute now or hereafter made or enacted by any state or otherwise to redeem the property so sold or any part thereof, and, to the full extent legally permitted, hereby expressly waives for itself and on behalf of each and every person, except decree or judgment creditors of the Debtor acquiring any interest in or title

to the Collateral or any part thereof subsequent to the date of this Agreement, all benefit and advantage of any such law or laws, and covenants that it will not invoke or utilize any such law or laws or otherwise hinder, delay or impede the execution of any power herein granted and delegated to the Secured Party, but will suffer and permit the execution of every such power as though no such power, law or laws had been made or enacted.

Section 5.5 Effect of Sale. Any sale, whether under any power of sale hereby given or by virtue of judicial proceedings, shall operate to divest all right, title, interest, claim and demand whatsoever, either at law or in equity, of the Debtor in and to the property sold and shall be a perpetual bar, both at law and in equity, against the Debtor, its successors and assigns, and against any and all persons claiming the property sold or any part thereof under, by or through the Debtor, its successors or assigns (subject, however, to the then existing rights, if any, of the Lessee under the Lease).

Section 5.6 Application of Sale Proceeds. The proceeds and/or avails of any sale of the Collateral, or any part thereof, and the proceeds and the avails of any remedy hereunder shall be paid to and applied as follows:

(a) first, to the payment of costs and expenses of foreclosure or suit, if any, and of such sale, and of all property expenses, liability and advances, including legal expenses and attorneys' fees, incurred or made hereunder by the Secured Party, or the holder or holders of the Secured Notes and of all taxes, assessments or liens superior to the lien of these presents, except any taxes, assessments or other superior lien subject to which said sale may have been made;

(b) second, to the payment to the holder or holders of the Secured Notes of the amount then owing or unpaid on the Secured Notes for principal and interest; and in case such proceeds shall be insufficient to pay in full the whole amount so due, owing or unpaid upon the Secured Notes, then ratably according to the aggregate of such principal and the accrued and unpaid interest with application on each Secured Note to be made, first to unpaid principal thereof, second, to unpaid premium, if any, and third, to unpaid interest thereon; such application to be made upon presentation of the several

Secured Notes, and the notation thereon of the payment, if partially paid, or the surrender and cancellation thereof, if fully paid; and

(c) third, to the payment of the surplus, if any, to the Debtor, its successors and assigns, or to whosoever may be lawfully entitled to receive the same.

Section 5.7 Discontinuance of Remedies. In case the Secured Party shall have proceeded to enforce any right under this Agreement by foreclosure, sale, entry or otherwise, and such proceedings shall have been discontinued or abandoned for any reason or shall have been determined adversely, then, and in every such case, the Debtor, the Secured Party and the holders of the Secured Notes shall be restored to their former positions and rights hereunder with respect to the property subject to the security interest created under this Agreement.

Section 5.8 Cumulative Remedies. No delay or omission of the Secured Party or of the holder of any Secured Note to exercise any right or power arising from any default on the part of the Debtor, shall exhaust or impair any such right or power or prevent its exercise during the continuance of such default. No waiver by the Secured Party, or the holder of any Secured Note of any such default, whether such waiver be full or partial, shall extend to or be taken to affect any subsequent default, or to impair the rights resulting therefrom except as may be otherwise provided herein. The Secured Party may exercise any one or more or all the remedies hereunder and no remedy is intended to be exclusive of any other remedy but each and every remedy shall be cumulative and in addition to any and every other remedy given hereunder or otherwise existing now or hereafter at law or in equity; nor shall the giving, taking or enforcement of any other or additional security, collateral or guaranty for the payment of the indebtedness secured under this Agreement operate to prejudice, waive or affect the security of this Agreement or any rights, powers or remedies hereunder, nor shall the Secured Party or holder of any of the Secured Notes be required to first look to, enforce or exhaust such other or additional security, collateral or guaranties.

ARTICLE VI

Provisions Relating to the Secured Notes

Section 6.1 Registration and Execution. The Secured Notes shall be registered as to principal and interest and shall be signed on behalf of the Debtor by its President or any Vice President or any other officer of the Debtor who, at the date of the actual execution thereof, shall be a proper officer to execute the same.

Section 6.2 Payment of the Secured Notes.

(a) The principal of, and premium, if any, and interest on the Secured Notes shall be payable by wire transfer of immediately available funds to such bank or trust company in the continental United States for the account of each holder thereof as such holder shall designate to the Secured Party from time to time in writing, and if no such designation is in effect, by check, duly mailed, by first class, postage prepaid, or delivered to such holder at its address appearing on the Register as defined in Section 6.3 hereof. All payments so made shall be valid and effectual to satisfy and discharge the liability upon such Secured Note to the extent of the sums so paid. Each holder (or the person for whom such holder is a nominee) by its acceptance of any Secured Notes agrees that, before selling, transferring or otherwise disposing of such Secured Notes, it will present such Secured Note to the Debtor for transfer and notation as provided in Sections 6.4 and 6.5 hereof.

(b) All amounts constituting payment of the installments of rental under the Lease and Casualty Value received by the Secured Party and applied on the Notes pursuant to Section 5 hereof shall be valid and effectual to satisfy and discharge the liability upon such Secured Notes to the extent of the amounts so received and applied.

Section 6.3 The Register. The Debtor will keep at its principal office a register for the registration and transfer of Secured Notes (herein called the Register). The names and addresses of the holders of the Secured Notes, the transfers of the Secured Notes and the names and addresses of the transferees of all Secured Notes shall be registered in the Register.

Section 6.4 Transfers and Exchanges of Secured Notes; Lost or Mutilated Secured Notes.

(a) The holder of any Secured Note may transfer such Secured Note upon the surrender thereof at the principal corporate office of the Debtor, and the Debtor shall execute in the name of the transferee a new Secured Note or Secured Notes in denominations not less than \$100,000 (unless the aggregate unpaid amount of such holder's Secured Notes is less than \$100,000) in aggregate principal amount equal to the unpaid principal amount of the Secured Note so surrendered and deliver such new Secured Note or Secured Notes to the Debtor for delivery to such transferee. The Debtor shall give the Secured Party prompt written notice of any transfer of any Secured Note.

(b) The holder of any Secured Note or Secured Notes may surrender such Secured Note or Secured Notes at the principal office of the Debtor, accompanied by a written request for a new Secured Note or Secured Notes in the same aggregate principal amount as the then unpaid principal amount of the Secured Note or Secured Notes so surrendered and in denominations of \$100,000 (unless the aggregate unpaid amount of such holder's Secured Notes is less than \$100,000) or such amount in excess thereof as may be specified in such request. Thereupon, the Debtor shall execute in the name of such holder a new Secured Note or Secured Notes in the denomination or denominations so requested and in aggregate principal amount equal to the aggregate unpaid principal amount of the Secured Note or Secured Notes so surrendered and deliver such new Secured Note or Secured Notes to such holder.

(c) All Secured Notes presented or surrendered for exchange or transfer shall be accompanied (if so required by the Debtor) by a written instrument or instruments of assignment or transfer, in form satisfactory to the Debtor, duly executed by the registered holder or by its attorney duly authorized in writing. The Debtor shall not be required to make a transfer or an exchange of any Secured Note for a period of ten days preceding any installment payment date with respect thereto.

(d) No notarial act shall be necessary for the transfer or exchange of any Secured Note pursuant to

this Section 6.4, and the holder of any Secured Note issued as provided in this Section 6.4 shall be entitled to any and all rights and privileges granted under this Agreement to a holder of a Secured Note.

(e) In case any Secured Note shall become mutilated or be destroyed, lost or stolen, the Debtor, upon the written request of the holder thereof, shall execute and deliver a new Secured Note in exchange and substitution for the mutilated Secured Note, or in lieu of and in substitution for the Secured Note so destroyed, lost or stolen. The applicant for a substituted Secured Note shall furnish to the Debtor such security or indemnity as may be required by the Debtor to save it harmless from all risks, and the applicant shall also furnish to the Debtor evidence to its satisfaction of the mutilation, destruction, loss or theft of the applicant's Secured Note and of the ownership thereof. In case any Secured Note which has matured or is about to mature shall become mutilated or be destroyed, lost or stolen, the Debtor may, instead of issuing a substituted Secured Note, pay or authorize the payment of the same (without surrender thereof except in the case of a mutilated Secured Note), if the applicant for such payment shall furnish to the Debtor such security or indemnity as the Debtor may require to save it harmless, and shall furnish evidence to the satisfaction of the Debtor of the mutilation, destruction, loss or theft of such Secured Note and the ownership thereof. If any Purchaser, or its nominee, is the owner of any such lost, stolen or destroyed Secured Note, then the affidavit of the President, any Vice President, Treasurer or Assistant Treasurer, Secretary or Assistant Secretary of such Purchaser setting forth the fact of loss, theft or destruction and of its ownership of such Secured Note at the time of such loss, theft or destruction shall be accepted as satisfactory evidence thereof and no security or indemnity shall be required as a condition to execution and delivery of a new Secured Note other than the written agreement of such Purchaser to indemnify the Debtor and the Secured Party (including their attorneys' fees) for any claims or actions against them resulting from the issuance of such new Secured Note.

6.5 The New Secured Notes.

(a) Each new Secured Note issued pursuant to

Section 6.4(a), (b) or (e) in exchange for or in substitution or in lieu of an outstanding Secured Note shall be dated the date of such outstanding Secured Note. The Debtor shall mark on each new Secured Note (i) the dates to which principal and interest have been paid on such outstanding Secured Note, (ii) all payments and prepayments of principal previously made on such outstanding Secured Note which are allocable to such new Secured Note, and (iii) the amount of each installment payment payable on such new Secured Note. Each installment payment payable on such new Secured Note on any date shall bear the same proportion to the installment payment payable on such outstanding Secured Note on such date as the original principal amount of such new Secured Note bears to the original aggregate principal amount of such outstanding Secured Note. Interest shall be deemed to have been paid on such new Secured Note to the date on which interest shall have been paid on such outstanding Secured Note, and all payments and prepayments of principal marked on such new Secured Note, as provided in clause (ii) above, shall be deemed to have been made thereon.

(b) Upon the issuance of a new Secured Note pursuant to Section 6.4(a), (b) or (e), the Debtor may require the payment of a sum to reimburse it for, or to provide it with funds for, the payment of any tax or other governmental charge connected therewith which are paid or payable by the Debtor.

(c) All new Secured Notes issued pursuant to Section 6.4(a), (b) or (e) in exchange for or in substitution or in lieu of outstanding Secured Notes shall be valid obligations of the Debtor evidencing the same debt as outstanding Secured Notes and shall be entitled to the benefits and security of this Agreement to the same extent as the outstanding Secured Notes.

(d) Upon the issuance of any Secured Note pursuant to this Agreement, the Debtor shall prepare and deliver to the Secured Party an amortization schedule with respect to such Secured Note setting forth the amount of the installment payments to be made on such Secured Note after the date of issuance thereof and the unpaid principal balance of such Secured Note after each such installment payment.

Section 6.6 Cancelation of Secured Notes. All Secured Notes surrendered for the purpose of payment, redemption, transfer or exchange shall be delivered to the Debtor for cancelation or, if surrendered to the Debtor, shall be canceled by it, and no Secured Notes shall be issued in lieu thereof except as expressly required or permitted by any of the provisions of this Agreement.

Section 6.7 Registered Owner. The person in whose name any Secured Note shall be registered shall be deemed and treated as the owner thereof for all purposes of this Agreement, and the Debtor shall not be affected by any notice to the contrary. Payment of or on account of the principal of, premium, if any, and interest on such Secured Note shall be made only to or upon the order in writing of such registered owner. For the purpose of any request, direction or consent hereunder, the Debtor may deem and treat the registered owner of any Secured Note as the owner thereof without production of such Secured Note.

ARTICLE VII

Section 7.1. Limitation on Liability. It is expressly understood and agreed, except only as provided in Section 2.2 hereof, that nothing herein contained shall be construed as creating any liability on the part of the Exchange National Bank of Chicago, individually or personally, or any incorporator or any past, present or future subscriber to the capital stock of, or stockholder, officer or director of the Exchange National Bank of Chicago, to perform any covenant either express or implied contained herein or for the payment of any Secured Note, all such liability, being expressly waived by the Secured Party and by any person claiming by, through or under the Secured Party, and, the Secured Party and any person claiming by, through or under the Secured Party shall look solely to the Collateral for the performance of any obligation hereunder and for the payment of interest, principal or premium, if any, in respect of the Secured Notes.

ARTICLE VIII

Miscellaneous

Section 8.1 Successors and Assigns. Whenever any of the parties hereto is referred to such reference

shall be deemed to include the successors and assigns of such party; and all the covenants, premises and agreements in this Agreement contained by or on behalf of the Debtor or by or on behalf of the Secured Party, shall bind and inure to the benefit of the respective successors and assigns of such parties whether so expressed or not.

Section 8.2 Partial Invalidity. The unenforceability or invalidity of any provision or provisions of this Agreement shall not render any other provision or provisions herein contained unenforceable or invalid.

Section 8.3 Notices. All notices provided for herein shall be in writing and shall be deemed to have been given (unless otherwise required by the specific provisions hereof in respect of any matter) when delivered personally or when deposited in the United States mail, registered, postage prepaid, addressed as follows:

If to the Debtor at: LaSalle and Adams Streets
Chicago, Illinois 60690

Attention of Corporate
Trust Officer

If to the Secured Party at: 1500 Chestnut Street
Philadelphia, Pennsylvania
19101

Attention of Corporate
Trust Department

or to the Debtor or the Secured Party at such other address as the Debtor or the Secured Party may designate by notice duly given in accordance with this Section to the other party.

Section 8.4 Release. The Secured Party shall release this Agreement and the security interest granted hereby by proper instrument or instruments upon presentation of satisfactory evidence that all indebtedness secured hereby has been fully paid or discharged.

Section 8.5 Governing Law. This Agreement and the Secured Notes shall be construed in accordance with and governed by the laws of the State of Illinois; provided, however, that the Secured Party shall be entitled to all the rights conferred by any applicable Federal statute, rule or regulation.

Section 8.6 Counterparts. This Agreement may be executed, acknowledged and delivered in any number of counterparts, each of such counterparts constituting an original but all together only one Agreement.

Section 8.7 Headings. Any headings or captions preceding the text of the several articles and sections hereof and the Table of Contents herein included are intended solely for convenience of reference and shall not constitute a part of this Agreement nor shall they affect its meaning, construction or effect.

IN WITNESS WHEREOF, the parties hereto have executed or caused this Agreement to be executed as of the day and year first above written.

EXCHANGE NATIONAL BANK OF CHICAGO,
not individually, but solely as
Owner-Trustee, as aforesaid,

[CORPORATE SEAL]

by

Attest:

Vice President

FIRST PENNSYLVANIA BANK, N.A.,
as Agent,

[CORPORATE SEAL]

by

Attest:

Vice President

STATE OF ILLINOIS,)
) ss.:
COUNTY OF COOK,)

On this day of 1978, before me
personally appeared , to me
personally known, who being by me duly sworn, says that he
is a Vice President of EXCHANGE NATIONAL BANK OF CHICAGO,
that one of the seals affixed to the foregoing instrument
is the corporate seal of said national association, that said
instrument was signed and sealed on behalf of said national
association by authority of its Board of Directors; and he
acknowledged that the execution of the foregoing instrument
was the free act and deed of said national association.

Notary Public

[Notarial Seal]

My Commission expires

COMMONWEALTH OF PENNSYLVANIA,)
) ss.:
COUNTY OF PHILADELPHIA,)

On this day of 1978, before me personally appeared , to me personally known, who being by me duly sworn, says that he is a Vice President of FIRST PENNSYLVANIA BANK N.A., that one of the seals affixed to the foregoing instrument is the corporate seal of said national association, that said instrument was signed and sealed on behalf of said national association by authority of its Board of Directors; and he acknowledged that the execution of the foregoing instrument was the free act and deed of said national association.

Notary Public

[Notarial Seal]

My Commission expires

SCHEDULE I

Amortization Schedule of each \$696,366.47 Principal Amount of Secured Notes

<u>Regular Installment Number</u>	<u>Interest Payment</u>	<u>Principal Payment</u>	<u>Principal Balance After Payment</u>
0	\$ -	\$ -	\$ 696,366.47
1	32,032.86	6,564.14	689,802.34
2	31,730.91	6,866.09	682,936.25
3	31,415.07	7,181.93	675,754.32
4	31,084.70	7,512.30	668,242.01
5	30,739.13	7,857.87	660,384.15
6	30,377.67	8,219.33	652,164.82
7	29,999.58	8,597.42	643,567.40
8	29,604.10	8,992.90	634,574.50
9	29,190.43	9,406.57	625,167.93
10	28,757.72	9,839.28	615,328.65
11	28,305.12	10,291.88	605,036.77
12	27,831.69	10,765.31	594,271.46
13	27,336.49	11,260.51	583,010.95
14	26,818.50	11,778.50	571,232.45
15	26,276.69	12,320.31	558,912.14
16	25,709.96	12,887.04	546,025.10
17	25,117.15	13,479.85	532,545.26
18	24,497.08	14,099.92	518,445.34
19	23,848.49	14,748.51	503,696.82
20	23,170.05	15,426.95	488,269.88
21	22,460.41	23,995.88	464,273.99
22	21,356.60	18,613.46	445,660.53
23	20,500.38	17,296.41	428,364.13
24	19,704.75	16,035.64	412,328.48
25	18,967.11	15,496.59	396,831.89
26	18,254.27	14,956.05	381,875.84
27	17,566.29	15,145.42	366,730.42
28	16,869.60	15,355.51	351,374.91
29	16,163.25	15,571.74	335,803.17
30	15,446.95	15,791.80	320,011.37
31	14,720.52	16,079.79	303,931.58
32	13,980.85	16,375.19	287,556.39
33	13,227.59	16,739.75	270,816.64
34	12,457.57	28,287.43	242,529.22
35	11,156.34	36,016.66	206,512.56
36	9,499.58	37,673.42	168,839.14

<u>Regular Installment Number</u>	<u>Interest Payment</u>	<u>Principal Payment</u>	<u>Principal Balance After Payment</u>
37	\$ 7,766.60	\$ 39,406.40	\$ 129,432.74
38	5,953.91	41,219.09	88,213.64
39	4,057.83	43,115.17	45,098.47
40	2,074.53	45,098.47	-0-

SCHEDULE II

Description of Equipment

<u>Description</u>	<u>Number of Units</u>	<u>Identifying Mark and Numbers (Both Inclusive)</u>
100-ton roller bearing CF 5250 hopper cars, equipped with 20" hatches and pneumatic outlets, built generally to specification No. SCL-CF-SS2	100	DAX 2101-2200

SCHEDULE III

[Form of Secured Note]

No.

\$

DIAMOND SHAMROCK CORPORATION LEASE FINANCING

PROMISSORY NOTE

Issued Pursuant to Participation Agreement
Dated as of July 15, 1978

Secured Under Security Agreement
Dated as of July 15, 1978

EXCHANGE NATIONAL BANK OF CHICAGO, a national banking association (the "Debtor"), not in its individual capacity but solely as Owner-Trustee under a Trust Agreement dated as of July 15, 1978, with Security Pacific Equipment Leasing, Inc., for value received, hereby promises to pay to

, or registered assigns, but only from the funds designated below, in such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of public and private debts, the principal sum of

(\$) and to pay interest (computed on the basis of a 360-day year of twelve 30-day months) on the unpaid balance thereof at the rate of 9.20% per annum, on January 1 and July 1 of each year, from the date of this Note, until paid. Interest only shall be payable on January 1, 1979. Principal and interest shall be payable in semiannual installments on January 1 and July 1 in each year commencing July 1, 1979, and ending January 1, 1999, and the last such payment shall be in an amount sufficient to discharge all unpaid principal of and premium, if any, and accrued interest on this Note in full. The amount of each installment shall be as set forth on the Amortization Schedule attached as Schedule I to the Security Agreement dated as of July 15, 1978, between the Debtor and First Pennsylvania Bank N.A. (the "Secured Party") (herein called the Security Agreement),

subject to adjustment as provided therein.

To the extent permitted by applicable law, this Note shall bear interest, payable only from the funds designated below, at the rate of 10.20% per annum, on any part of the principal hereof or premium, if any, or interest hereon not paid when due for any period when the same shall be overdue.

This Note is one of the 9.20% Secured Notes of the Debtor not exceeding \$3,111,762 in aggregate principal amount issued under and pursuant to the Participation Agreement dated as of July 15, 1978, among the Debtor, Diamond Shamrock Corporation (the "Lessee"), the Secured Party and the Purchasers named in Schedule A thereto and also issued under and equally and ratably with said other Notes secured by the Security Agreement. Reference is made to the Security Agreement and all supplements and amendments thereto executed pursuant to the Security Agreement for a description of the collateral, the nature and extent of the security and rights of the Secured Party, the holder or holders of the Notes and of the Debtor in respect thereof.

Except for the regular amortization payments required to be made pursuant to the first paragraph of this Note, this Note may not be prepaid other than upon the occurrence of an Event of Default (as defined in the Security Agreement) and except for prepayments from the amounts received as Casualty Value as provided in Section 4.1(b) of the Security Agreement or as Termination Value as provided in Section 4.1(d) of the Security Agreement.

Payments of principal, premium, if any, and interest to be made by the Debtor on the Secured Notes secured by the Security Agreement of which this Note is one shall be made only from the Collateral (as defined in the Security Agreement) and as more specifically set forth in Article VII of the Security Agreement, and the registered owner or other holder hereof, by its acceptance of this Note, agrees that it will look solely to such Collateral for any amounts payable hereunder or under the Security Agreement, and the Debtor shall not be personally liable to the Secured Party or any registered owner or other holder hereof for any amounts payable hereunder or under the Security Agreement.

The terms and provisions of the Security Agreement and the rights and obligations of the Secured Party and the

rights of the holders of the Notes may be changed and modified to the extent permitted by and as provided in the Security Agreement.

This Note is a registered Note and is transferable only by surrender thereof at the principal office of the Debtor, duly endorsed or accompanied by a written instrument of transfer, duly executed by the registered holder of this Note or his attorney duly authorized in writing.

This Note and the Security Agreement are governed by and construed in accordance with the laws of the State of Illinois.

IN WITNESS WHEREOF, the Debtor has caused this Note to be duly executed.

Dated:

EXCHANGE NATIONAL BANK OF CHICAGO,
as Owner-Trustee,

by

Authorized Officer

THIS NOTE HAS NOT BEEN REGISTERED PURSUANT TO THE SECURITIES ACT OF 1933 OR UNDER THE SECURITIES LAWS OF ANY STATE. THIS NOTE MAY NOT BE OFFERED OR SOLD UNLESS IT IS REGISTERED UNDER THE APPLICABLE SECURITIES LAWS OR UNLESS AN EXEMPTION FROM SUCH REGISTRATION IS AVAILABLE.

CONSENT AND AGREEMENT

The undersigned, DIAMOND SHAMROCK CORPORATION, a Delaware corporation (hereinafter called the Lessee), the Lessee named in the Lease (hereinafter called the Lease) referred to in the foregoing Security Agreement (hereinafter called the Security Agreement), hereby (a) acknowledges receipt of a copy of the Security Agreement and (b) consents to all the terms and conditions of the Security Agreement insofar as they specifically relate to the Lease and agrees that:

(1) it will pay all rentals, casualty payments, liquidated damages, indemnities and other moneys provided for in the Lease (which moneys are hereinafter called the Payments) due and to become due under the Lease or otherwise in respect of the Units leased thereunder (except those specifically excepted from the assignment contained in the Security Agreement), directly to First Pennsylvania Bank N.A., as Agent (hereinafter called the Secured Party), the secured party named in the Security Agreement, at 1500 Chestnut Street, Philadelphia, Pennsylvania 19101, attention of Corporate Trust Department (or at such other address as may be furnished in writing to the Lessee by the Secured Party);

(2) the Secured Party shall be entitled to the benefits of, and to receive and enforce performance of, all the covenants to be performed by the Lessee under the Lease as though the Secured Party were named therein as the Lessor;

(3) the Secured Party shall not, by virtue of the Security Agreement or this Consent and Agreement, be or become subject to any liability or obligation under the Lease or otherwise; and

(4) except in accordance with the express terms of the Lease, the Lease shall not, without the prior written consent of the Secured Party, be terminated or modified.

This Consent and Agreement, when accepted by the Secured Party by signing the acceptance at the foot hereof, shall be deemed to be a contract under the laws of the

State of Ohio and, for all purposes, shall be construed in accordance with the laws of said State.

DIAMOND SHAMROCK CORPORATION,

by

DC Miller
TREASURER

[Corporate Seal]

Attest:

Assistant Secretary

The foregoing Consent and Agreement is hereby
accepted, as of the 15th day of July 1978.

FIRST PENNSYLVANIA BANK N.A.,
as Agent,

by

Vice President

STATE OF ILLINOIS)
) SS
COUNTY OF COOK)

On this 1st day of November, 1978, before me personally appeared Robert N. Tidball, to me personally known, who, being by me duly sworn, says that he is the President of NAC Leasing Corporation, signer and sealer of the foregoing instrument, and he acknowledged same to be his free act and deed, as President, before me.

Debra A. LaRue
Notary Public

(Notarial Seal)

My Commission Expires: 4-3-82

STATE OF ILLINOIS)
) SS
COUNTY OF COOK)

On this 15th day of November, 1978, before me personally appeared MICHAEL D. GOODMAN, to me personally known, who, being by me duly sworn, says that he is Vice President of Exchange National Bank of Chicago; that one of the seals affixed to the foregoing instrument is the corporate seal of said national association, that said instrument was signed and sealed on behalf of said national association by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said national association.

J. Penny Gabor
Notary Public

(Notarial Seal)

My Commission Expires: 4/27/82